



Presentation of FY 2015 results



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Verona, 9 February 2016 @ 18:30 CET – conference call & webcast

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2015 Performance in summary

Capital

- ❑ **Sound capital position**, with stronger capital ratios compared to year-end 2014, notwithstanding the inclusion of the impact from the update of PD and LGD parameters and the assumption of a dividend of €0.15 per share:
 - **Phase-in CET 1 ratio: 13.2%** (+129bps annual)
 - **Fully-loaded CET 1 ratio: 12.4%** (+107bps annual)

The NPL stock (gross and net) would have reported a decline even without the disposal of unsecured Bad loans.

Credit

- ❑ **Annualized Cost of credit risk at 94bp**, in line with the 80-100bp target range for 2015.
- ❑ **Declining NPL stock both gross (-4.7%; -€1,020m) and net (-1.4%; -€193m)** compared to year-end 2014 driven by:
 - **shrinking net NPL inflows in 2015** (-65.9% vs. 2014), standing at the lowest level since 2008;
 - **disposal of secured Bad loans during the year for a gross stated loan amount of ~€0.94bn** (corresponding to nominal ~€1.2bn, of which €0.21bn in Q2 and €0.95bn in Q4).
- ❑ **Downsizing of the Leasing Division portfolio** (ex Italease+Release): **marked annual reduction of both total gross loans (-€0.7bn; -10.7%) and non-performing loans (-€0.2bn; -4.2%).**

Funding and Liquidity position

- ❑ **Excellent liquidity position**, with unencumbered eligible assets (almost entirely made up of Italian Government bonds) totaling **€16.1bn**, by far exceeding maturing bonds over the next 2 years.
- ❑ **Customer direct funding (net of Repos)** down by 2.8% YoY, but definitely on the uprise in the last quarter (+3.1%).
- ❑ Worth considering is also the significant **support guaranteed to the Group's liquidity by certificates**, which reported a total growth of €1.6bn in 2015.
- ❑ **LCR >180% and NSFR* ~97%** (>100% adjusted including certificates, which represent fully a form of medium-term funding).
- ❑ **The cost of funding declined by 16bps on an annual basis**, mainly driven by the narrower liability spread at branch network level.

2015 Performance in summary

Profitability

- ❑ **Total income (net of disposal of ICBP and Arca shareholdings) up by 1.3% YoY**, driven by the increase in:
 - the aggregate of Net Interest Income + Net commissions (+1.3%);
 - profit from equity investments in consumer credit and bancassurance (+57.1%), driven by the performance of Agos/Ducato (+€65.5m).
- ❑ **Personnel costs, basically stable (+0.4% YoY)**, include €83m in Q4 to expense for a new voluntary redundancy fund, related to the exit in 2016/2017 of 400 employees more than expected in the previous plan, and charges associated with the closure of the London branch.
- ❑ After the heavy containment reported in the prior years, **non-personnel costs have reported a further reduction on a recurring basis** (-0.8% YoY*).
- ❑ **Net income came in at €430.1m**, or €347.2m net of non-recurring items and of PPA, but including NRF and DGS-related recurring charges.

Commercial performance

- ❑ **M/L TERM LOANS: €8.9bn of total loans disbursed, up by 57% vs. 2014**, of which, broken down by main core segments: €1.8bn to Households & Other Individuals (+50% YoY); €2.2bn to Small Businesses (+49% YoY); €4.1bn to Mid Corporate (+52% YoY).
- ❑ **CONSUMER CREDIT: More than €800m loans disbursed by Agos/Ducato, up by 22.5% vs. 2014.**
- ❑ **INDIRECT FUNDING: Stock up by 8.3% YoY**, driven by the **Asset management growth (+12.6%)**, in turn driven by the **'Funds and Sicav' component (+18.7%)**.
- ❑ **CARDS: Payment cards stock (credit and debit) up by roughly 225,000 units over the year**, of which more than 182,000 YouCard.
- ❑ **ON-LINE BANKING: Stock of YouWeb contracts up by more than 140,000 units over the year**, exceeding 1.1mln contracts.
- ❑ **CHECKING ACCOUNTS: In 2015 commercial checking accounts (retail and business) have increased by roughly 48,500 units**, totaling approx. 2.3 million.

Note: * The change excludes also the ordinary contribution to NRF and DGS in 2015, which were not present in the FY 2014 results.

Consolidated FY 2015 income statement: annual change

Reclassified income statement €/m	FY 2015	FY 2014	% chg.	Of which: PPA	
				FY 2015	FY 2014
Net interest income	1,545.4	1,551.9	(0.4%)		(2.8)
Income (loss) from investments in associates carried at equity	141.5	90.1	57.1%		
Net interest, dividend and similar income	1,686.9	1,642.0	2.7%	-	(2.8)
Net fee and commission income	1,425.4	1,379.7	3.3%		
Other net operating income	109.6	138.8	(21.0%)	(23.8)	(29.8)
Net financial result (excluding FVO)	441.1	216.1	104.1%		
Total income	3,663.0	3,376.6	8.5%	(23.8)	(32.6)
Personnel expenses	(1,433.6)	(1,428.4)	0.4%		
Other administrative expenses	(804.9)	(643.1)	25.1%		
Amortization and depreciation	(166.4)	(191.7)	(13.2%)	(3.6)	(3.7)
Operating costs	(2,404.8)	(2,263.2)	6.3%	(3.6)	(3.7)
Profit (loss) from operations	1,258.2	1,113.4	13.0%	(27.4)	(36.2)
Net adjustments on loans to customers	(803.9)	(3,561.4)	(77.4%)		
Net adjustments on receivables due from banks and other assets	(54.2)	(39.8)	36.0%		
Net provisions for risks and charges	(50.8)	(39.3)	29.2%		
Impairment of goodwill and equity investments	-	(239.0)	(100.0%)		(39.0)
Profit (loss) on the disposal of equity and other investments	(4.4)	2.3	n.s.	(1.3)	(0.0)
Income (loss) before tax from continuing operations	344.9	(2,763.8)	n.s.	(28.7)	(75.3)
Tax on income from continuing operations (excluding FVO)	70.5	803.1	(91.2%)	13.3	24.7
Income (loss) after tax from discontinued operations	(7.3)	2.1	n.s.		
Income (loss) attributable to minority interests	18.7	38.7	(51.7%)		
Net income (loss) for the period excluding FVO	426.8	(1,919.9)	n.s.	(15.4)	(50.6)
Fair Value Option result (FVO)	4.9	(38.8)	n.s.		
Tax on FVO result	(1.6)	12.8	n.s.		
Net income (loss) for the period	430.1	(1,945.9)	n.s.	(15.4)	(50.6)

From Q1 2015, following the merger of Banca Italease into the parent bank, the PPA refers only to the former BPI Group.

Includes extraordinary items shown in slide 8

Note: Starting from 30/06/2015, according to the IFRS 5, the subsidiary BP Luxembourg has been classified as a discontinued operation. As a consequence, the figures relating to the period prior to 30/06/2015 have been appropriately reclassified to retroactively reflect the transfer of the economic contribution of BP Luxembourg to the item 'Income (loss) after tax from discontinued operations'.

Consolidated quarterly 2015 income statement

Reclassified income statement €/m					Of which: PPA			
	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Net interest income	368.9	387.5	402.0	387.1				
Income (loss) from investments in associates carried at equity	41.0	39.2	36.7	24.6				
Net interest, dividend and similar income	409.8	426.7	438.6	411.7	-	-	-	-
Net fee and commission income	340.2	314.1	350.2	420.9				
Other net operating income	37.3	23.5	20.3	28.6	(6.0)	(6.0)	(6.0)	(6.0)
Net financial result (excluding FVO)	267.8	30.0	50.3	93.0				
Total income	1,055.1	794.3	859.4	954.2	(6.0)	(6.0)	(6.0)	(6.0)
Personnel expenses	(423.3)	(327.7)	(342.2)	(340.4)				
Other administrative expenses	(316.3)	(161.0)	(162.6)	(165.0)				
Amortization and depreciation	(73.9)	(33.7)	(26.3)	(32.5)	(0.9)	(0.9)	(0.9)	(0.9)
Operating costs	(813.4)	(522.4)	(531.1)	(537.9)	(0.9)	(0.9)	(0.9)	(0.9)
Profit (loss) from operations	241.7	271.9	328.4	416.3	(6.9)	(6.9)	(6.9)	(6.9)
Net adjustments on loans to customers	(229.1)	(199.5)	(193.9)	(181.4)				
Net adjustments on receivables due from banks and other assets	(23.2)	(5.2)	(22.3)	(3.6)				
Net provisions for risks and charges	14.6	(15.8)	(6.4)	(43.2)				
Impairment of goodwill and equity investments	-	-	-	-				
Profit (loss) on the disposal of equity and other investments	(0.1)	(0.2)	(4.0)	(0.1)	(1.3)			
Income (loss) before tax from continuing operations	3.9	51.2	101.8	188.0	(8.1)	(6.9)	(6.9)	(6.9)
Tax on income from continuing operations (excluding FVO)	72.6	(5.3)	(23.3)	26.5	6.616	2.221	2.238	2.203
Income (loss) after tax from discontinued operations	0.3	0.2	(6.5)	(1.3)				
Income (loss) attributable to minority interests	7.7	5.9	1.2	3.9				
Net income (loss) for the period excluding FVO	84.5	52.0	73.1	217.2	(1.5)	(4.6)	(4.6)	(4.7)
Fair Value Option result (FVO)	(6.3)	7.1	16.8	(12.6)				
Tax on FVO result	2.1	(2.3)	(5.5)	4.2				
Net income (loss) for the period	80.2	56.7	84.3	208.8	(1.5)	(4.6)	(4.6)	(4.7)

From Q1 2015, following the merger of Banca Italease into the parent bank, the PPA refers only to the former BPI Group.

Includes extraordinary items shown in slide 8

Note: Starting from 30/06/2015, according to the IFRS 5, the subsidiary BP Luxembourg has been classified as a discontinued operation. As a consequence, the figures relating to the period prior to 30/06/2015 have been appropriately reclassified to retroactively reflect the transfer of the economic contribution of BP Luxembourg to the item 'Income (loss) after tax from discontinued operations'.

Segment Reporting: Consolidated income statement

Banco Popolare Group enjoys a **good diversification of its profitability sources, thanks to the material contribution of the ancillaries business units** which foster the traditional core commercial banking activity, in particular:

- Consumer credit, through the JV Agos/Ducato, participated at 39%
- Bancassurance, through the JVs Avipop and Popolare Vita, held at 49%
- Private & Investment Banking and Wealth Management, thanks to the full control of the product companies Banca Aletti and Aletti Gestielle

Segment Reporting		of which:	Core Divisions			Leasing
FY 2015	Group		Commercial Network	Inv. Banking & Wealth Management	Consumer Credit and Bancassurance	
Total income	3,663.0		2,788.9	345.8	138.3	54.5
Operating costs	-2,404.8		-1,825.3	-128.5	-	-104.0
Profit (loss) from operations	1,258.2		963.6	217.3	138.3	-49.5
Net adjustments on loans to customers	-803.9		-637.2	-0.1	-	-143.9
Other adjustments, provisions and pre tax profits	-109.4		-	-2.4	-	-7.1
Income (loss) before tax from continuing operation	344.9		326.4	214.8	138.3	-200.5
Tax on income from continuing operations	70.5		-109.5	-70.6	-	54.2
Other post tax components	11.4		-	-	-	19.0
Net income (loss) for the period excluding FVO	426.8		216.9	144.3	138.3	-127.3
Fair Value Option result (FVO)	3.3		-	-	-	-
Net income (loss) for the period	430.1		216.9	144.3	138.3	-127.3

Extraordinary P&L items in 2015

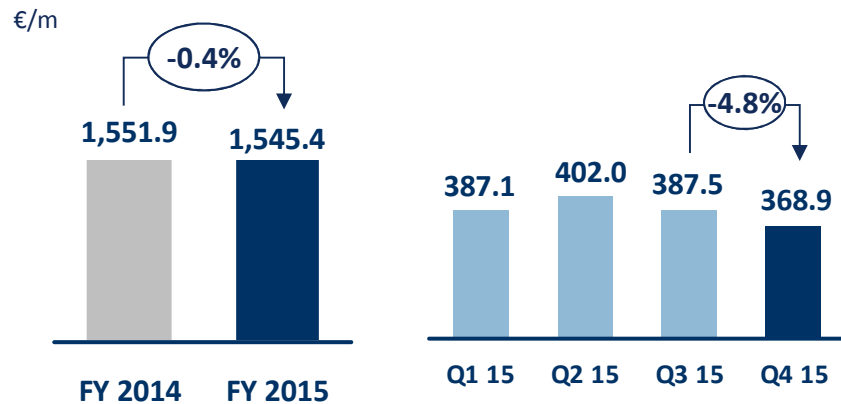
ELEMENTS FOR THE NORMALISATION

€/m	FY 2015		Q4		Q3		Q2		Q1		P&L Items
	Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
DISPOSAL OF ARCA AND ICBPI	241.2	223.6	241.2	223.6	-	-	-	-	-	-	- Net financial result
INCENTIVISED EXITS AND OTHER EXTRAORDINARY PERSONNEL EXPENSES	(94.6)	(63.8)	(82.9)	(56.0)	-	-	(11.6)	(7.8)	-	-	- Personnel expenses
EXTRAORDINARY CONTRIBUTION TO NRF (Law Decree 180/2015)	(113.9)	(76.9)	(113.9)	(76.9)	-	-	-	-	-	-	- Other administrative expenses (OAE)
WRITE-DOWNS ON REAL ESTATE ASSETS	(45.2)	(27.3)	(39.1)	(23.5)	(2.3)	(1.6)	-	-	(3.8)	(2.2)	Amortization and Depreciation / Loss on the disposal of investments
BANCA ITALEASE TAX ASSETS	85.1	85.1	-	-	-	-	-	-	85.1	85.1	Tax on income from continuing operations
TAX DISPUTES	(40.8)	(35.3)	(22.1)	(22.1)	(1.0)	(1.0)	-	-	(17.7)	(12.2)	Net provisions for risks and charges
COSTS FOR THE CLOSURE OF BRANCHES	(4.3)	(3.1)	(4.3)	(3.1)	-	-	-	-	-	-	Net provisions for risks and charges
DISCONTINUED OPERATIONS (BP LUX.)	(7.3)	(7.3)	0.3	0.3	0.2	0.2	(6.5)	(6.5)	(1.3)	(1.3)	Income (loss) after tax from discontinued operations
FAIR VALUE OPTION	4.9	3.3	(6.3)	(4.2)	7.1	4.7	16.8	11.2	(12.6)	(8.4)	FVO result
TOTAL	25.2	98.3	(27.1)	38.1	4.0	2.3	(1.4)	(3.1)	49.7	61.0	

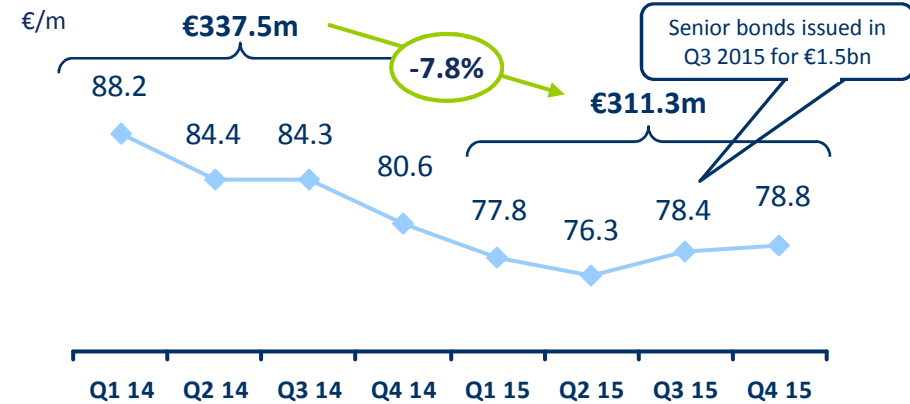
- In Q4 2015, **Other Administrative Expenses included recurring contributions to the National Resolution Fund (NRF) of €38.0m (annual) and to the Deposit Guarantee Scheme (DGS) of €10.5m (semi-annual)**. Note that, of the €38.0m related to the NRF, €23.0m had already been recognized in Q1 under the line-item Provisions for risks and charges, and have then been reclassified in Q4 under OAE. No such contributions were recognized in 2014.
- 2015 taxes include the non-recurring positive effect reported in Q1 as a result of the DTAs related to past tax losses of the acquired company Banca Italease having no time limit in terms of carry-forward (€85.1m)*. Moreover, in addition to benefitting from a significant contribution from equity method investments, the tax rate in 2015 also reflects the fact that in Q4 there were, on the one hand, capital gains on the disposal of equity investments (ICBP and Arca), which enjoy a reduced tax rate, and, on the other hand, hefty non-recurring charges, which instead take the full tax rate.

Net interest income

Evolution of Net interest income

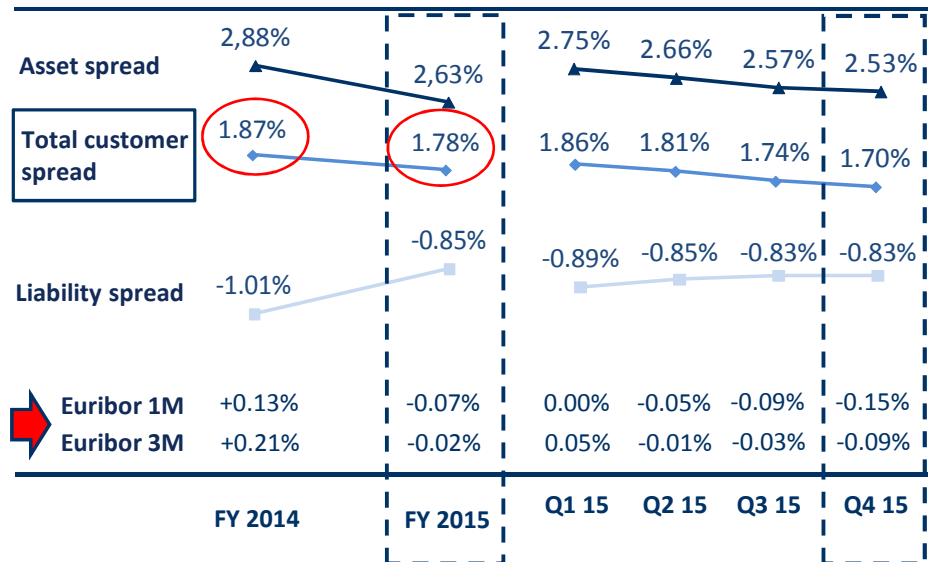


Evolution of wholesale funding cost



Customer spread evolution*

(commercial network)



- On a yearly basis, NII has remained fairly stable, receding only slightly compared to 2014 (-0.4%); Q4 (-4.8%) was still affected by the strong competitive pressure on customer loan pricing, and on top of this it was hit by a significant drop of the Euribor (-6bps), the largest on a quarterly basis.
- In more detail, the average customer spread for the branch network went from 1.87% in 2014 down to 1.78% in 2015 (-9bp), standing at 1.70% in Q4.
- Among the elements that have been supporting NII during the year, worth mentioning are: (i) improved liability spread at branch network level by 16bps YoY (from -1.01% in 2014 to -0.85% in 2015, stable at -0.83% on a quarterly basis in spite of the Euribor drop); (ii) 7.8% decline YoY of the cost of wholesale funding.

Net Commission Income

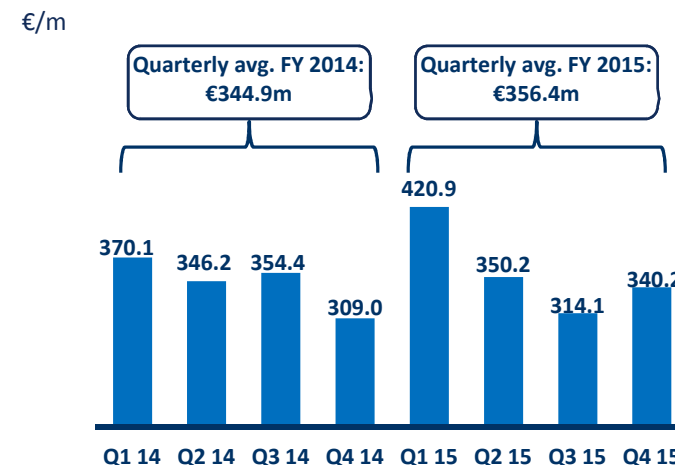
Analysis of Net commissions

€/m	FY 2015	FY 2014	% chg.
Mgmt. brokerage and advisory services	709.1	658.6	7.7%
Management of c/a and customer relations	496.9	516.2	-3.7%
Payment and collection services	120.2	122.5	-1.9%
Guarantees given	50.4	29.9	68.6%
Other services	48.8	52.4	-6.9%
Total	1,425.4	1,379.7	3.3%

Composition of ' Management, brokerage and advisory services'

€/m	FY 2015	FY 2014	% chg.
Placement of savings products:	543.3	501.9	8.2%
- Securities sale and distribution	3.8	3.7	2.2%
- Asset management	406.9	355.6	14.4%
- Bancassurance	132.6	142.5	-7.0%
Consumer credit	35.6	31.1	14.7%
Credit cards	31.8	32.8	-3.1%
Custodian banking services	17.3	13.9	24.2%
FX & trading activities of branch customers	56.2	62.4	-10.1%
Other	25.0	16.5	51.3%
Total	709.1	658.6	7.7%

Quarterly evolution

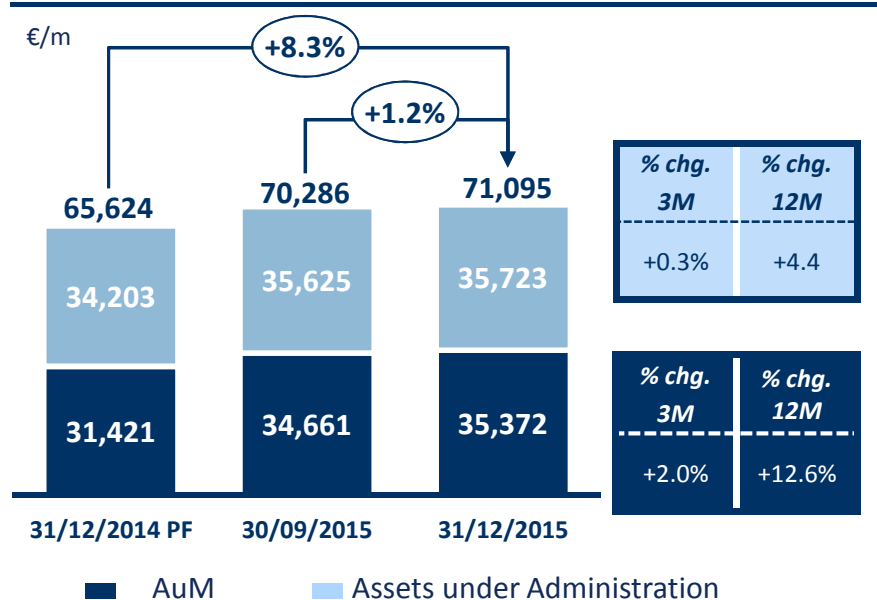


In 2015, net commissions increased by **+3.3 YoY**, thanks to:

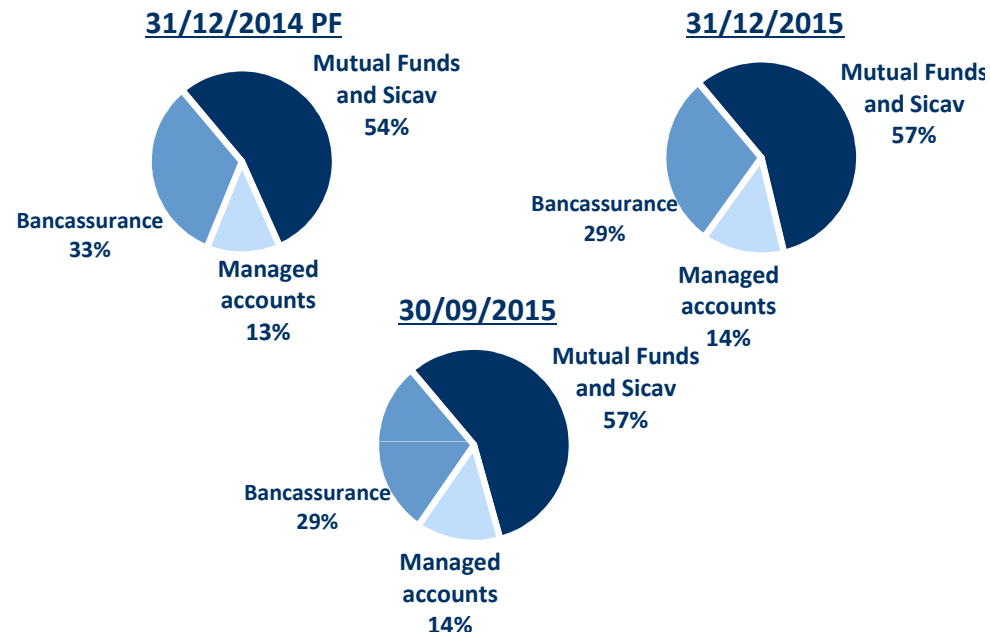
- the strong performance registered by the commercial network in the placement activity of investment products to customers **(+8.2% YoY)**, in particular in relation to Assets under Management **(+14.4% YoY)**;
- as well as to a higher contribution from other fee income sources, in particular consumer credit, guarantees given, custodian banking services and other.

Indirect customer funding

Total Indirect Funding *
(stock)



Breakdown of Assets under Management
(stock)



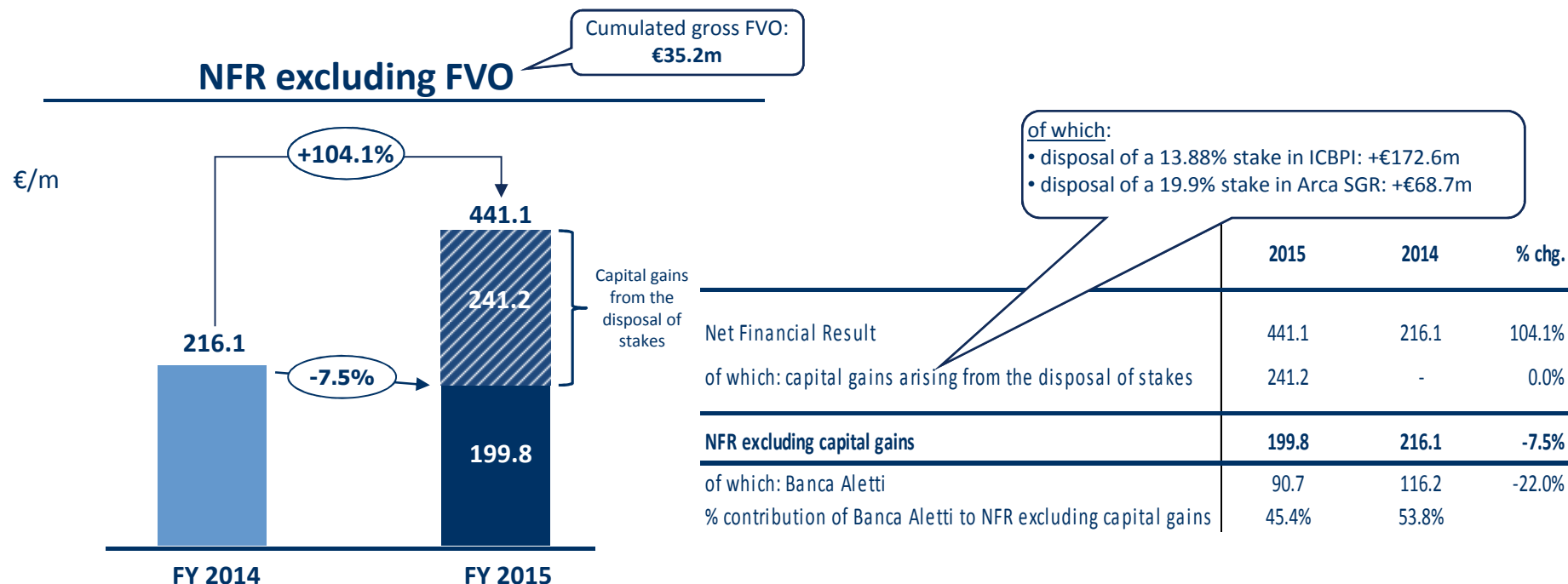
Total indirect customer funds increased by **+8.3% in FY 2015**, driven by the AuM segment (**+12.6%***), thanks to the 'Mutual Funds and Sicav' component, which grew by **+18.7%**, strengthening the positive trend started last year.

 The fourth quarter of 2015 registered an increase of **+1.2%**, in spite of the negative market performance effects.

* The change is reported on a homogenous basis, i.e. considering that a managed account of about €2.5bn belonging to Eurovita was wound down in Q1 2015, with the underlying securities reclassified under the 'Assets under Administration' segment. As a consequence, the same reclassification was applied to the figures as at 31/12/2014.

Note: The indirect customer funding figures exclude the contribution of the subsidiary BP Luxembourg, which has been classified among discontinued operations starting from 30/06/2015.

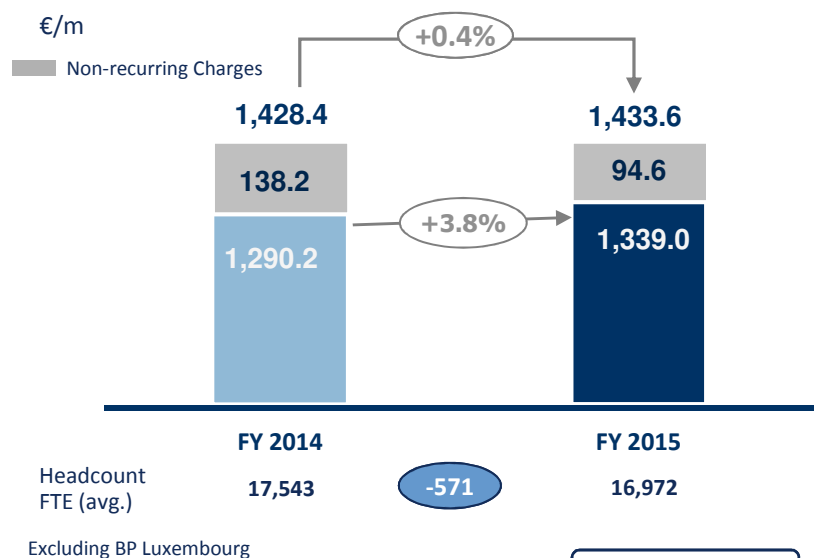
Net Financial Result (NFR)



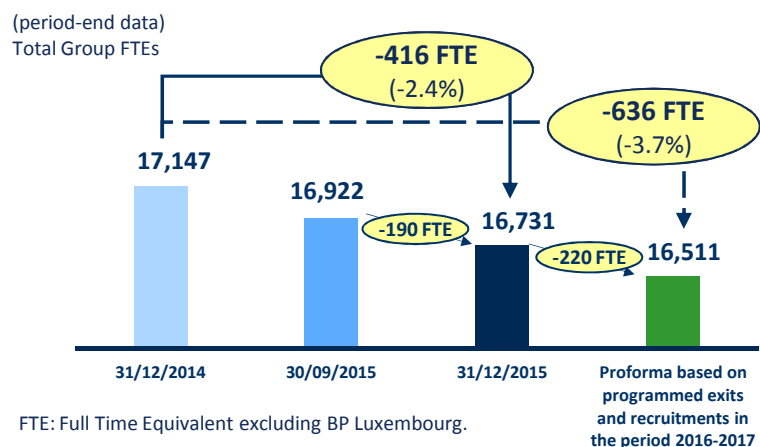
- In 2015, the Net Financial Result benefited from the registration of capital gains stemming from the disposal of stakes (13.88% in ICBPI and 19.9% in Arca SGR) amounting to a total gross value of €241.2m, entirely booked in Q4.
- The contribution of Banca Aletti, equal to €90.7m in 2015, follows a higher focus on AuM and on the placement of certificates, supporting the stabilisation of liability spread.

Operating costs: personnel expenses

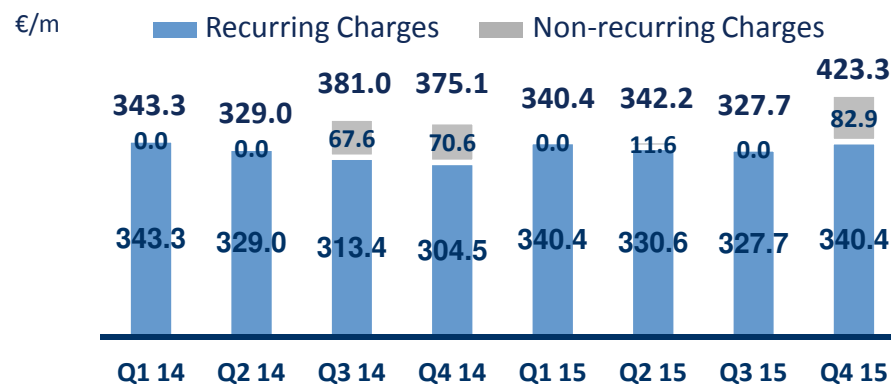
Personal expenses



FTE employees



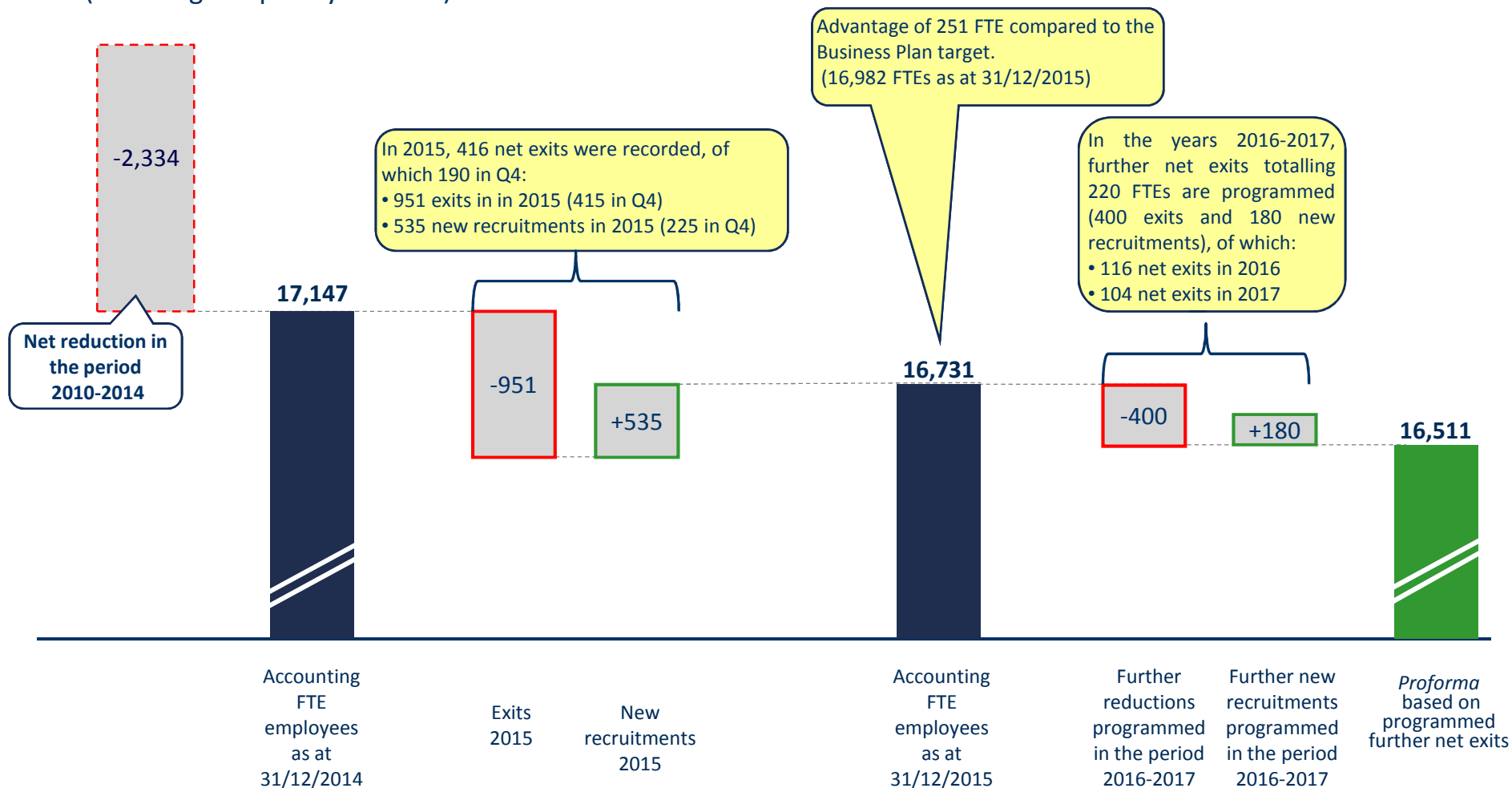
Quarterly Evolution



- Personnel costs in 2015 grew by 0.4%. They include €94.6m of non-recurring charges, of which €82.9m recognized in Q4, compared to €138.2m recorded in 2014. Non-recurring charges are mainly related to the solidarity fund and to voluntary redundancy schemes, as well as to the closure of the London branch and to already expensed additional programmed exits in 2016-2017 (see last bullet point).
- Net of the above non-recurring charges, personnel costs reported an increase of 3.8% YoY, driven by the contract hikes defined in the previous national labor agreement and by provisions for the incentive scheme accrued in 2015, partly offset by lower costs as a result of the decline in average headcount.
- Indeed, significant headcount reductions have been recorded in 2015:
 - the average headcount declined by 571 FTE;
 - the end-of-period figure shows a reduction of 190 FTE in Q4, which results in a total headcount reduction of 416 FTE over the year.
- Since the Group has planned additional exits for the voluntary redundancy scheme and the solidarity fund, to be implemented in 2016-2017 for a net total of 220 FTE (400 exits and 180 new hires), the total pro-forma headcount is running at 16,511 FTE.

Headcount evolution in 2015

FTEs (including temporary workers)



The headcount reduction is widely ahead of the Business Plan target.

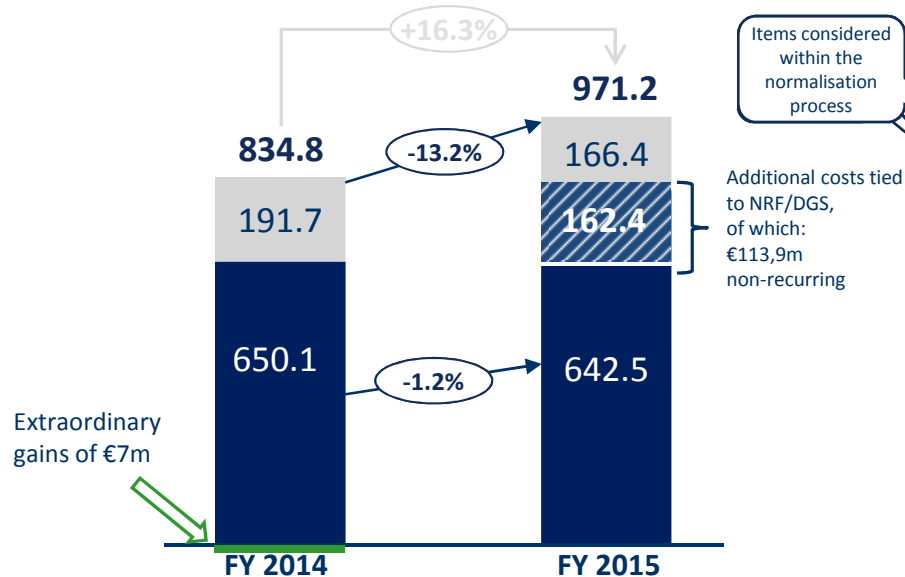
The figure exclude BP Luxembourg.

Operating costs: non-personnel expenses

Inclusive of a reclassification for €23m booked in Q1 among provisions for risks and charges.

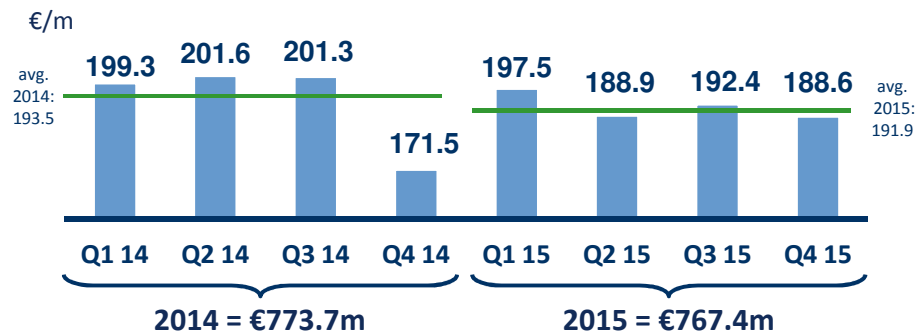
Total non-personnel expenses

€/m ■ Other admin. expenses ■ Amortisation & Depreciation ⁽¹⁾



(1) Net amortization and depreciation



Total Proforma Non-Personnel Expenses – Quarterly Evolution



	2015	2014	% chg.
Total Non-Personnel Expenses (A+B)	971.2	834.8	16.3%
(A) Other administrative expenses	804.9	643.1	25.1%
of which: ordinary charges tied to National Resolution Fund (NRF)	38.0		
of which: charges tied to Deposit Guarantee Scheme (DGS)*	10.5		
of which: extraordinary charges tied to National Resolution Fund	113.9		
of which: extraordinary gains		-7.0	
Total additional charges tied to NRF/DGS	162.4		
(A1) Other administrative expenses excluding additional costs and other charges indicated above	642.5	650.1	-1.2%
(B) Amortisation & Depreciation	166.4	191.7	-13.2%
of which: non-recurring	41.4	68.0	
(B1) Recurring Amortisation & Depreciation	125.0	123.7	1.1%
Total proforma non-personnel expenses (A1+B1)	767.4	773.7	-0.8%

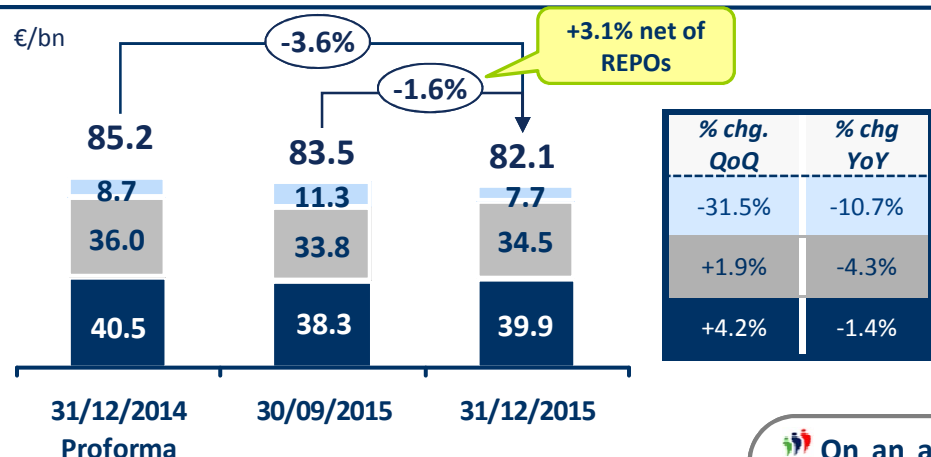
- Total Non-Personnel Expenses comprise €162.4m of charges tied to the ordinary and extraordinary contribution to the National Resolution Fund and to the Deposit Guarantee Scheme, booked in 2015 among the Other Administrative Expenses, of which €139.4m in Q4 and €23.0m tied to a reclassification registered in Q1 among provisions for risks and charges.
- Other administrative expenses, net of the components indicated above and excluding €7m of extraordinary gains of 2014, decrease by 1.2%.
- Amortisation & Depreciation in 2015 are down by 13.2% from an accounting point of view. By excluding from both years the write-offs of real estate assets (€41.4m in 2014, of which €39.3 in Q4 and €68.0m in 2014), a very slight increase is registered (+1.1% YoY).
- Total proforma non-personnel expenses, normalised on the basis of the above-indicated components, decrease by -0.8% YoY.

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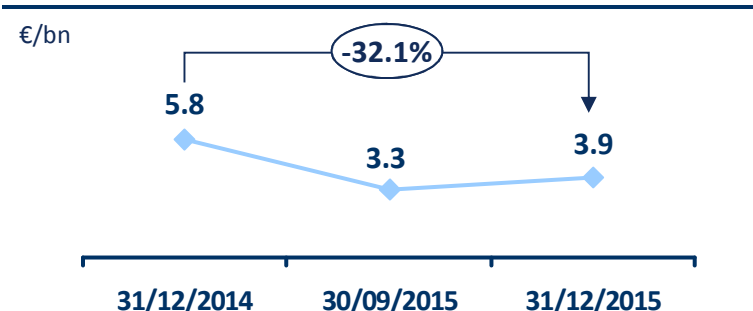
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Direct customer funds: trends and breakdown

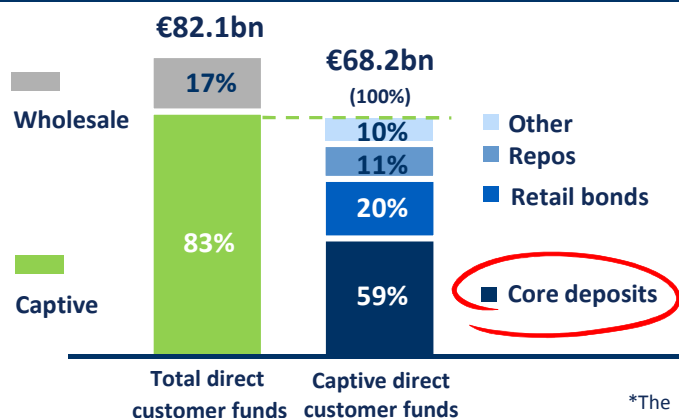
Total direct customer funds*



Evolution of time deposits (certificates of deposit included)



Direct customer funds: breakdown as at 31/12/2015



- On an annual basis, total direct customer funds decrease by 3.6% (-2.8% excluding REPOs); in this context, core deposits register the lower decline (-1.4%), substantially due to the reduction of the most expensive time deposits (-32.1%).
- It is important to note that, including the liquidity generated by the placements of certificates**, the stock of which increased by €1.6bn YoY, bonds are stable vs. year-end 2014 (+0.2%).
- On a quarterly basis, total direct customer funds decrease by 1.6%, exclusively for the reduction of REPOs, which, on the other hand, contributes to the increase in unencumbered eligible assets (see the following slide).
- Net of REPOs, direct customer funds grow by 3.1% vs. September, registering a good growth in both core deposits (+4.2%) and bonds (+1.9%).
- The share of wholesale funding is equal to 17%, in line with previous quarters.

*The figures of the previous periods have been adjusted excluding BP Luxembourg, considering that starting from 30/06/2015, this subsidiary has been reclassified under discontinued operations. In addition, the composition of the total direct customer funds in 2014 have been adjusted to take into account the change in the perimeter of the commercial network and the merger of Italease.

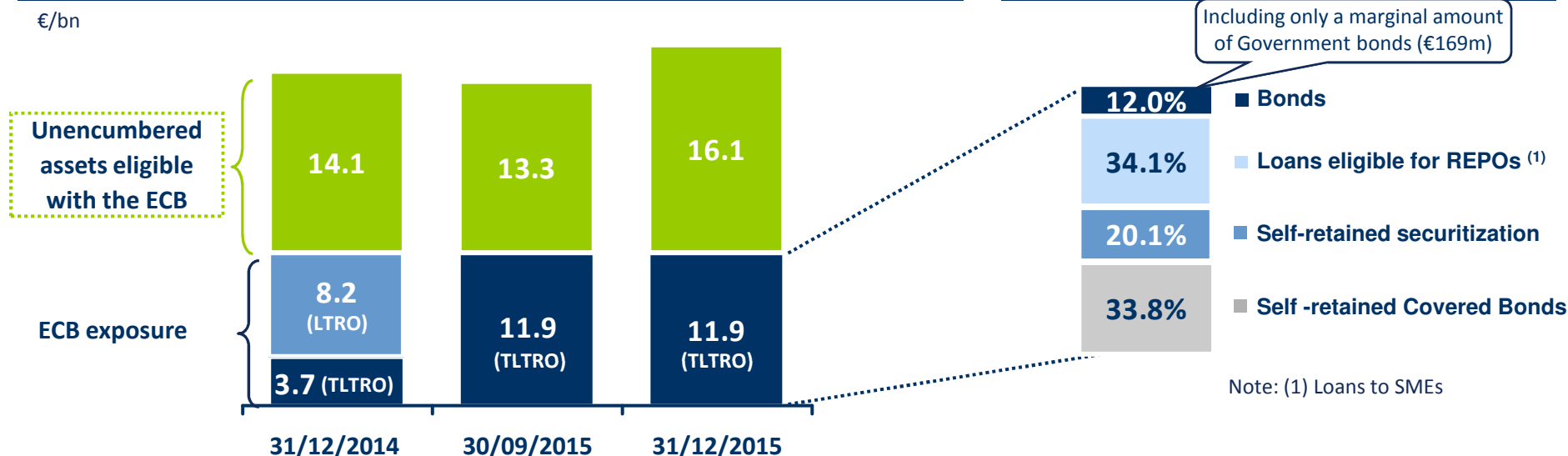
**The corresponding Balance Sheet item for *Certificates* is "Financial liabilities held for trading", which is, hence, included under Assets under Custody.

Group liquidity: strong position

Liquidity buffer

Details of assets in the 'ECB Pooling'

(% breakdown as at 31/12/2015)

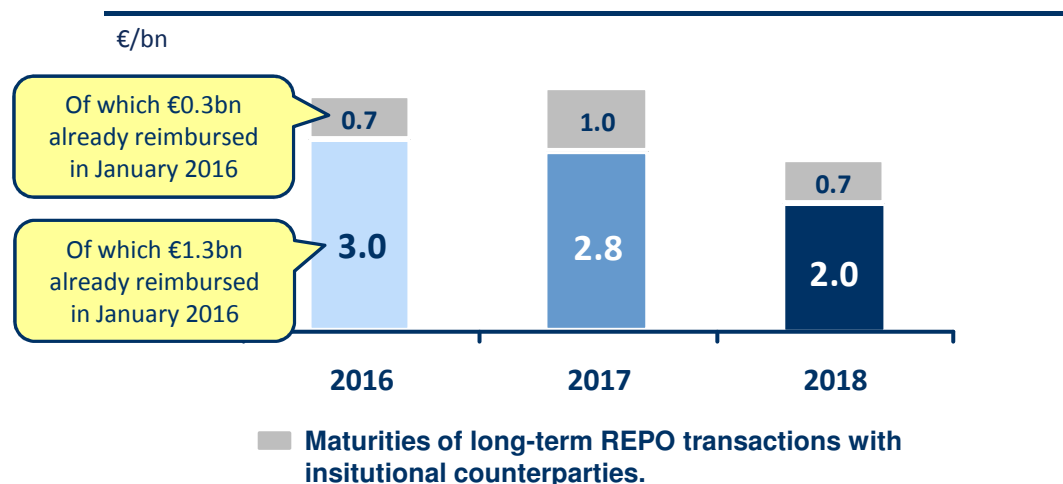


- 🇮🇹 The ECB exposure is equal to €11.9bn as at 31/12/2015, stable vs. September and entirely made up of TLTRO drawings.
- 🇮🇹 The amount of further unencumbered assets eligible with the ECB (net of haircuts) increases to €16.1bn (+20.5% in the quarter and +14.3% in the year), largely consisting of a portfolio of Italian Government bonds. The relevant growth of the quarter is due to the lower activity in funding REPOs.
- 🇮🇹 Basel 3 liquidity ratios: LCR >180%; NSFR ~97%, calculated according to the most updated rules of the Quantitative Impact Study* (>100% adjusted including certificates, which represent fully a form of medium-term funding).

* Data not yet mandatory as the final rules have not been defined yet.

Maturity profile and funding coverage

Wholesale maturities



Wholesale market:

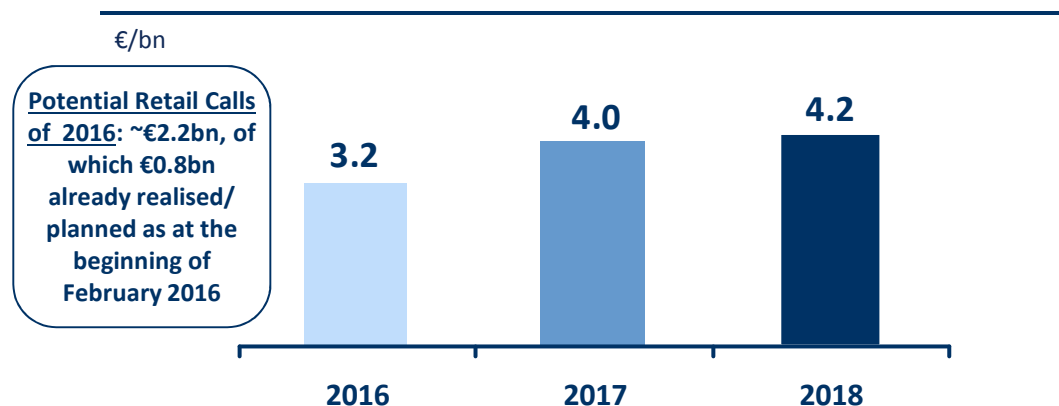
- In Q4, the Group issued €700m of bonds to third party networks, which were received very well and allow the Group to broaden its funding sources.
- In 2015, €2.5bn bonds were issued on international markets, of which:
 - €1.5bn senior bonds (€1bn in July and €0.5bn in September);
 - €1bn covered bonds issued in February.

Retail market:

- The distribution of bonds through the network continued throughout 2015, at much lower rates compared to the stock average.

In 2016, further bond issues will be evaluated, whose timing and mix (wholesale/retail) will depend essentially on market conditions.

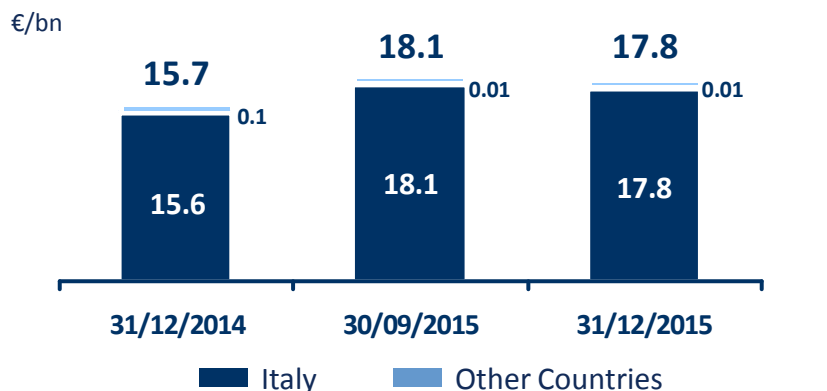
Retail bond maturities



Note: Retail maturities exclude the potential exercise of the calls, which is evaluated on a case by case basis.

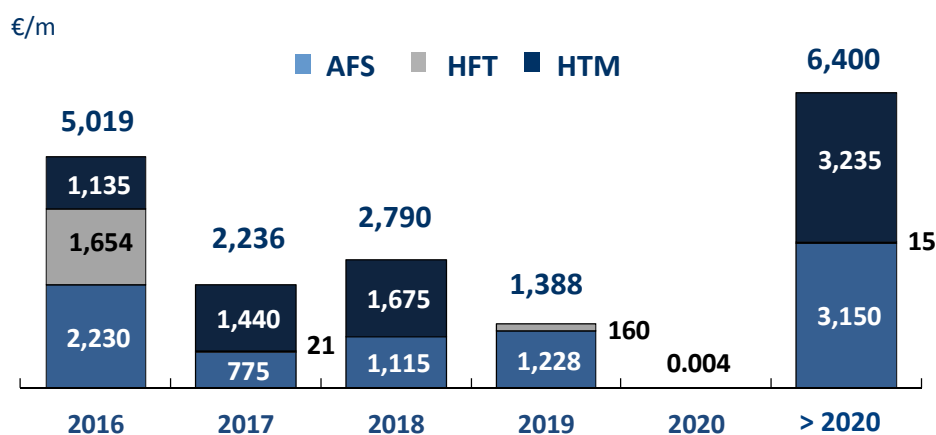
Treasury securities portfolio: evolution

Total Government bond portfolio, (Nominal amounts)

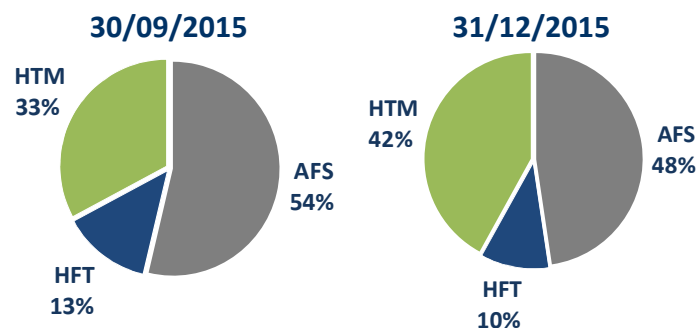


- The Government bond portfolio, which is represented almost entirely by Italian bonds, is equal to €17.8bn as at year-end 2015, slightly below the level reached in September (-€0.3bn), with an average maturity of 4.0 years.
- The share of Government bonds classified as HFT falls to 10% in December 2015, while the share of structural investments classified as HTM increases (from 33% in September to 42% at year-end).
- As at 31/12/2015, the AFS reserve on Government bonds is equal to +€223m (vs. +€151m as at 30/09/2015 and +€158m as at 31/12/2014), while the unrealized gains on Government bonds in HTM amount to +€282m (vs. +€259m as at 30/09/2015 and +€287m as at 31/12/2014).

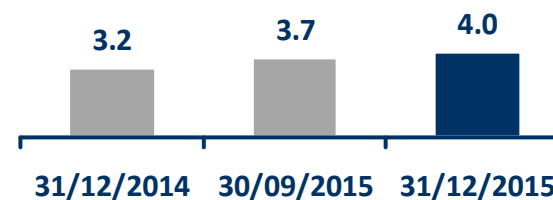
Focus on Italian Government bonds: Maturities profile





Italian Government bonds: Accounting classification and average maturity



Average maturity (Italy; in years)

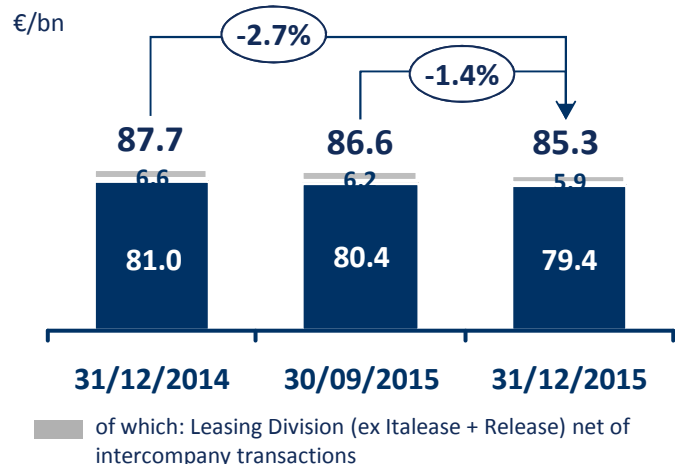


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Customer loans: evolution and segmentation

Gross customer loans

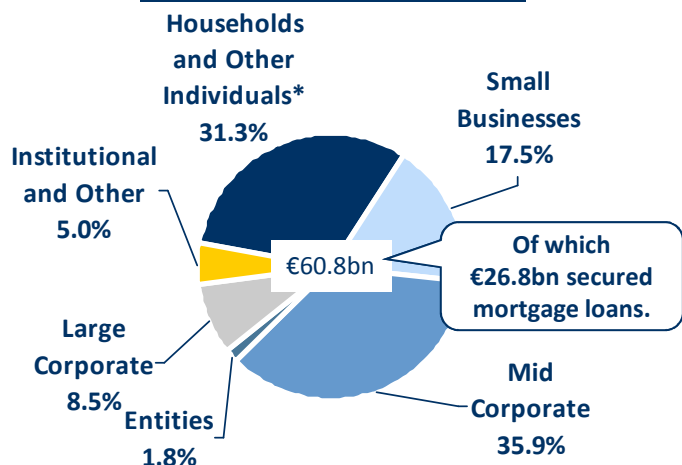


- Gross customer loans stand at €85.3bn, decreasing by 2.7% YoY, by 1.4% in the quarter.
- Excluding from the trend of loans the non-core elements, such as the run-off of the Leasing Division, the trend of REPOs and the disposal of unsecured Bad loans:
 - the annual decrease is reduced to zero;
 - the quarterly contraction is reduced to -0.9%.
- New M/L-Term lending flows in 2015 were particularly good (€8.9bn in total), registering a significant increase vs. 2014 (+57%), of which in the main core segments in particular:
 - €1.8bn towards Households & Other Individuals: +50% YoY;
 - €2.2bn towards Small Businesses: +49% YoY;
 - €4.1bn towards Mid Corporates: +52% YoY.

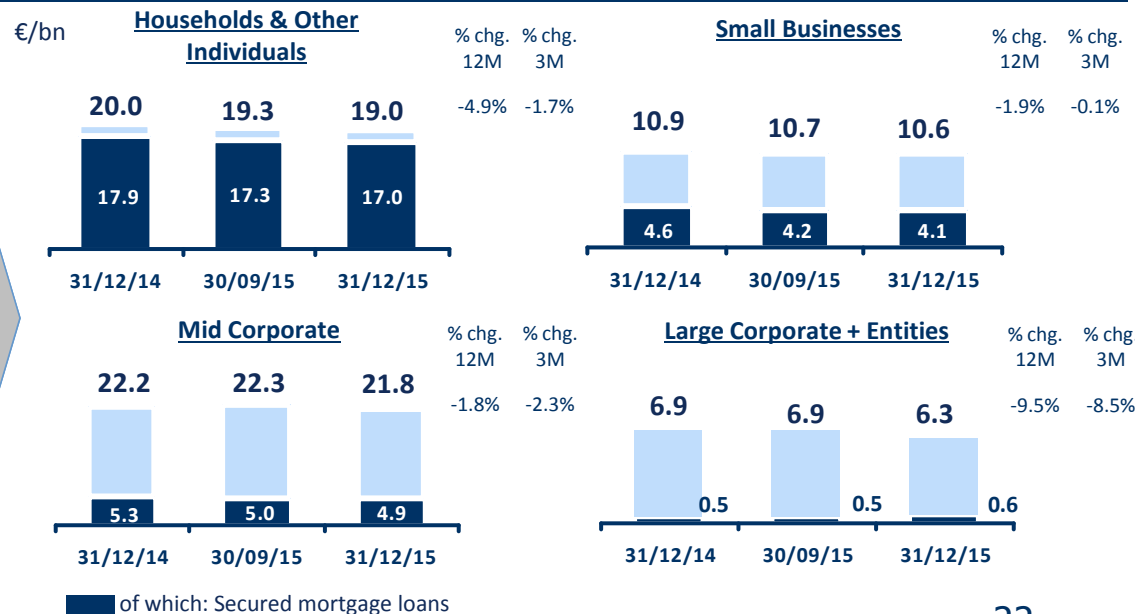
Performing customer loans: customer breakdown

(Management accounting data: exclude Bad loans. Leasing Division perimeter, REPO transactions and other minor accounting elements)

Breakdown as at 31/12/2015



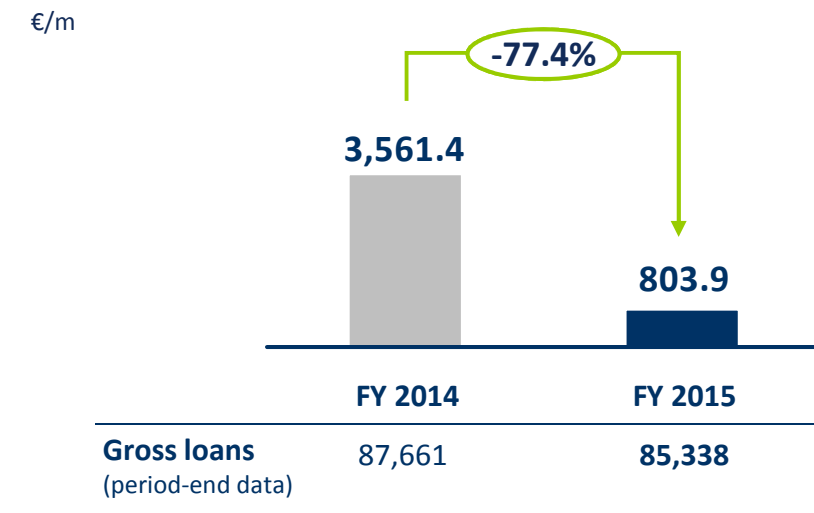
Note: (*) The segment "Households & Other Individuals" includes also businesses and professionals with a turnover <€100K.



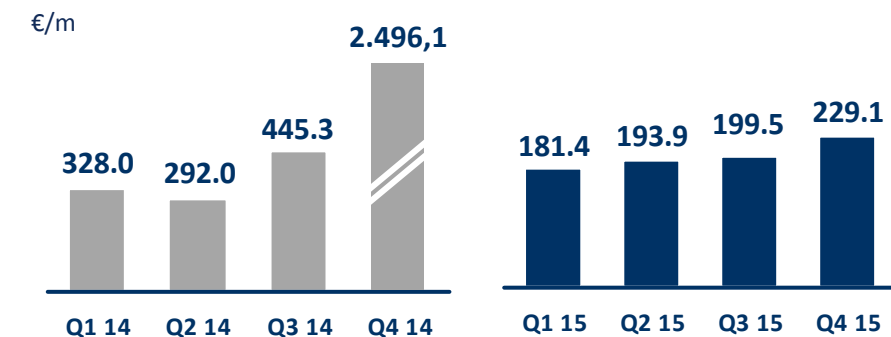
The 2014 quarterly data have been restated taking a refining of the internal data base of customers into account.

Cost of credit risk

Loan Loss Provisions: Annual trend



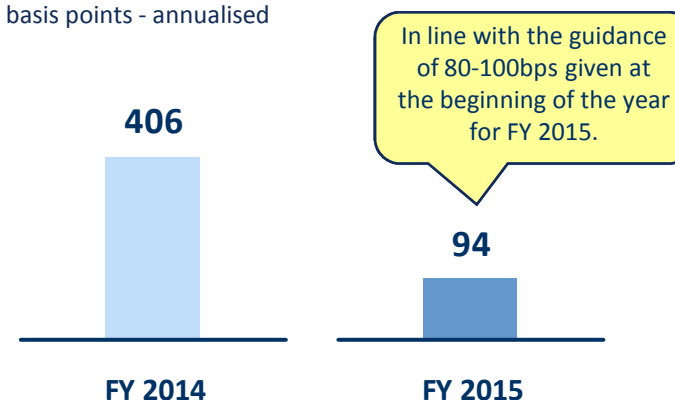
Loan Loss Provisions: Quarterly trend



Cost of Credit Risk

(on gross customer loans, period-end data)

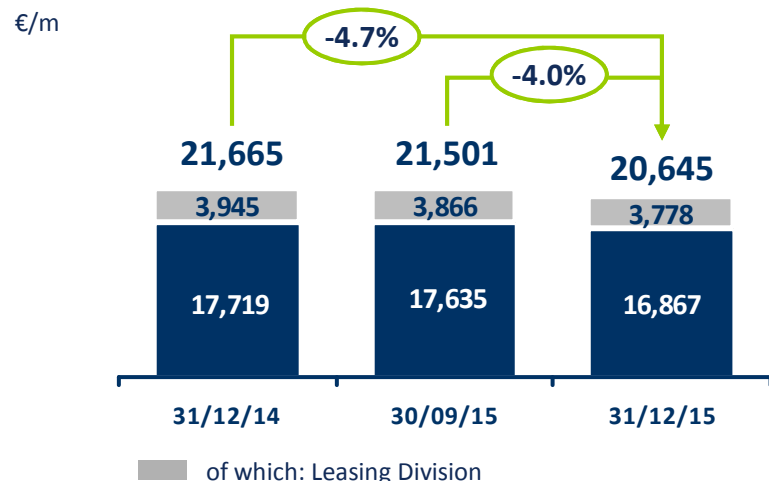
In basis points - annualised



- Loan Loss Provisions, equal to €804m in 2015, register a strong decrease vs. 2014 (-77.4%), thanks to a material drop in the flows of new Non-performing loans.
- The cost of credit risk for the year (94bps) is in line with the guidance of 80-100bps given at the beginning of the year for FY 2015, notwithstanding the decrease in customer loans.

Group NPLs: evolution

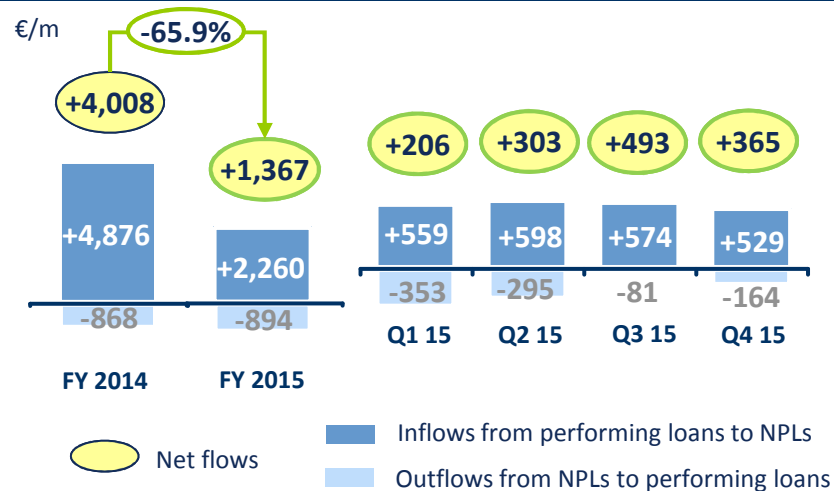
Stock of gross NPLs



GROSS EXPOSURES	31/12/14	30/09/15	31/12/15	% chg. 12M	% chg. 3M
Bad loans	10,527	10,974	10,471	-0.5%	-4.6%
Unlikely to pay loans	10,723	10,126	9,911	-7.6%	-2.1%
Past Due loans	415	401	263	-36.5%	-34.3%
TOTAL NPLs	21,665	21,501	20,645	-4.7%	-4.0%

NET EXPOSURES	31/12/14	30/09/15	31/12/15	% chg. 12M	% chg. 3M
Bad loans	6,000	6,422	6,458	+7.6%	+0.6%
Unlikely to pay loans	7,906	7,485	7,390	-6.5%	-1.3%
Past Due loans	344	338	209	-39.3%	-38.1%
TOTAL NPLs	14,250	14,245	14,057	-1.4%	-1.3%

Net flows to NPLs

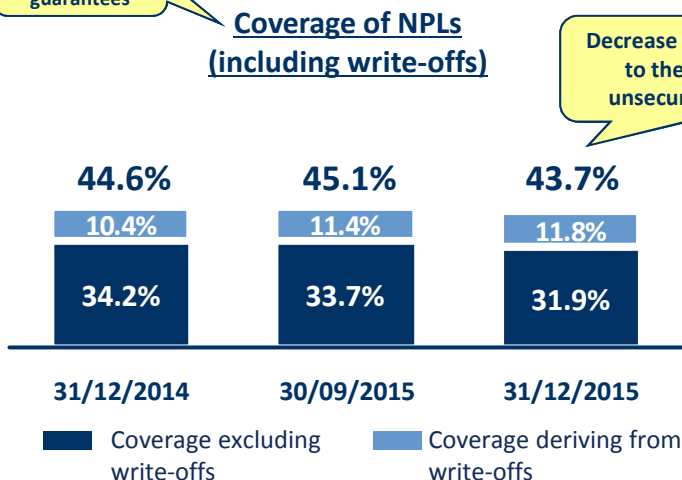


- New NPL inflows have been definitely slowing down compared to 2014 (-65.9%; -26.0% in Q4 alone), standing at the lowest level since 2008.
- Thanks to the shrinking NPL inflow and the disposal of unsecured Bad loans for a gross stated loan amount of €0.94bn (of which €0.21bn sold in Q2 and €0.73bn in Q4), the stock of gross NPLs declined by 4.7% YoY (-€1.0bn) and by 4.0% QoQ (-€0.9bn).
- As the disposed unsecured Bad loans had a very high coverage level, the yearly and quarterly decline in the net NPL stock (-1.4% and -1.3%, respectively) is attributable to the intrinsic improvement of the credit quality profile.
- An additional important sign of the improved credit risk profile is reflected by the marked drop reported by Unlikely-to-pay and Past-due loans both on a yearly basis (-7.6% and -36.5%, respectively) and quarter on quarter (-2.1% and -34.3%).
- Note that, even when not including the disposals carried out in 2015, still the growth in gross Bad loans in the 12 months of the year (+8.4%) would have been lower compared to the Italian banking industry's growth rate (+9.4%*).

Coverage of Group NPLs

Evolution of the coverage of NPLs

Excludes both real and personal guarantees



Decrease completely due to the disposal of unsecured Bad loans

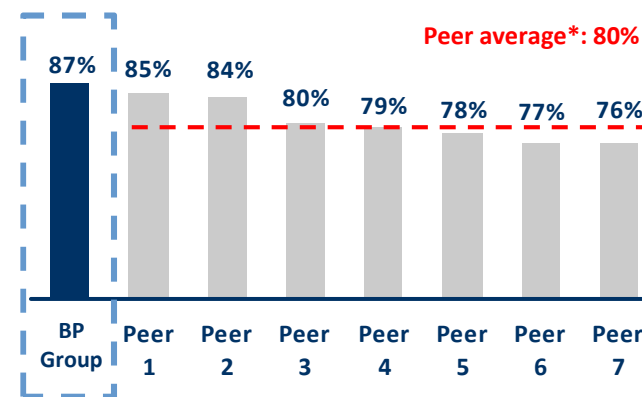
	31/12/2014		30/09/2015		31/12/2015	
	Excl. write-offs	Incl. write-offs	Excl. write-offs	Incl. write-offs	Excl. write-offs	Incl. write-offs
Bad loans	43.0%	58.8%	41.5%	58.3%	38.3%	56.3%
- Incl. real guarantees	96.1%	97.2%	94.9%	96.4%	103.7%	102.6%
Unlikely to pay loans	26.3%		26.1%		25.4%	
- Incl. real guarantees	84.8%		86.8%		85.8%	
Past Due loans	17.0%		15.8%		20.7%	

N.B.: The value of the real guarantees considered for the coverage ratios reported in this table is capped at the residual exposure outstanding with borrowers; conversely, the data of real guarantees at Fair Value consider the full fair value of the total underlying real guarantees.

- The decrease of coverage of NPLs registered in Q4 is completely due to the disposal of unsecured Bad loans perfected in October, having those positions a particularly high coverage. Net of this disposal, the coverage would have grown both vs. year-end 2014 and vs. September 2015.
- The coverage of Bad loans including collateral grows from 96.4% of September to 102.6%, being the share of loans assisted by real guarantees increased (from 76.1% of September to 78.9%), following the disposal of the above-mentioned unsecured positions.
- Also the share of Unlikely to pay loans assisted by real guarantees is confirmed high (80.1% of the total), leading the coverage including collateral of these positions to 85.8%.
- The coverage levels of our Group should also be read in light of the high share of loans assisted by guarantees on total net NPLs, in comparison with the main Italian players (accounting data as at 31/12/2014).

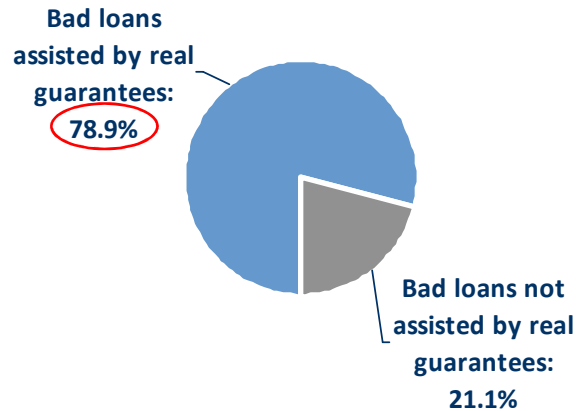
Share of loans assisted by guarantees on total net NPLs

Data as at 31/12/2014



Focus on coverage and guarantees of Bad & Unlikely to pay loans

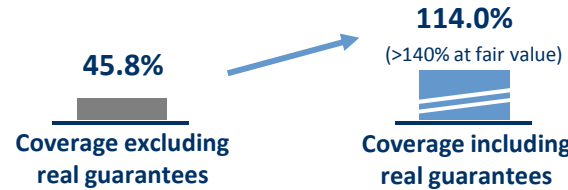
Share of gross Bad loans assisted by real guarantees



Analysis of the coverage of **56.3%** for Bad loans as at 31/12/2015

N.B. Bad loan coverage including write-offs.

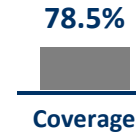
Bad loans assisted by real guarantees



High quality guarantees:
98% of real guarantees are represented by real estate assets, of which >41% residential and >70% located in the north of Italy. The remaining 2% is represented by pledges on securities and on cash*.

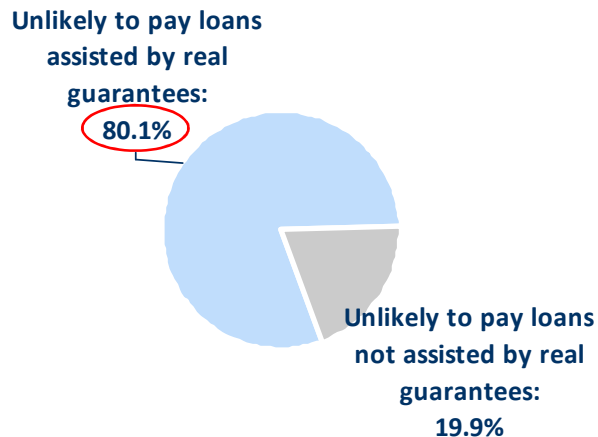
Note: (*) Banco excluding Leasing Division

Bad loans not assisted by real guarantees



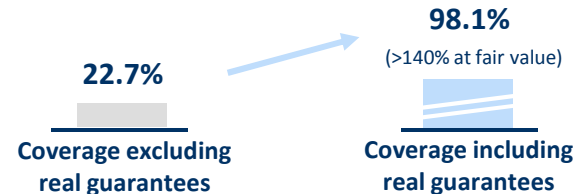
Highly fragmented risk:
Average ticket size of €86K.

Share of gross Unlikely to pay loans assisted by real guarantees



Analysis of the coverage of **25.4%** for Unlikely to pay loans as at 31/12/2015

Unlikely to pay loans assisted by real guarantees



High quality guarantees:
98% of real guarantees are represented by real estate assets, of which ~33% residential and ~68% located in the north of Italy. The remaining 2% is represented by pledges on securities and on cash*.

Note: (*) Banco excluding Leasing Division

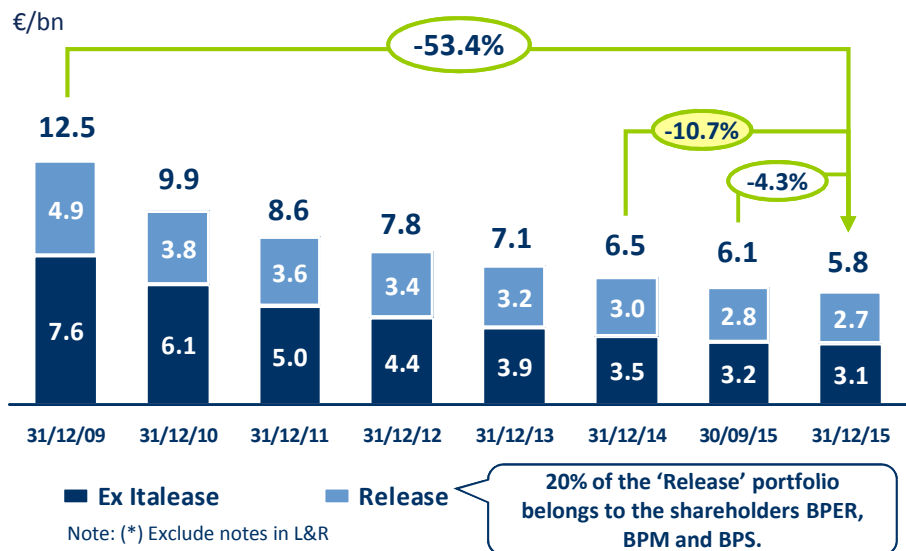
Unlikely to pay loans not assisted by real guarantees



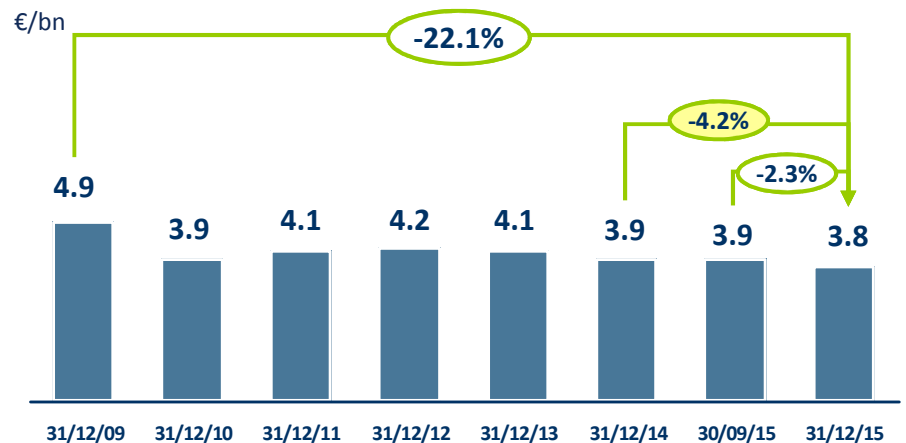
Highly fragmented risk:
Average ticket size of €71K.

Leasing Division: further progress in the downsizing

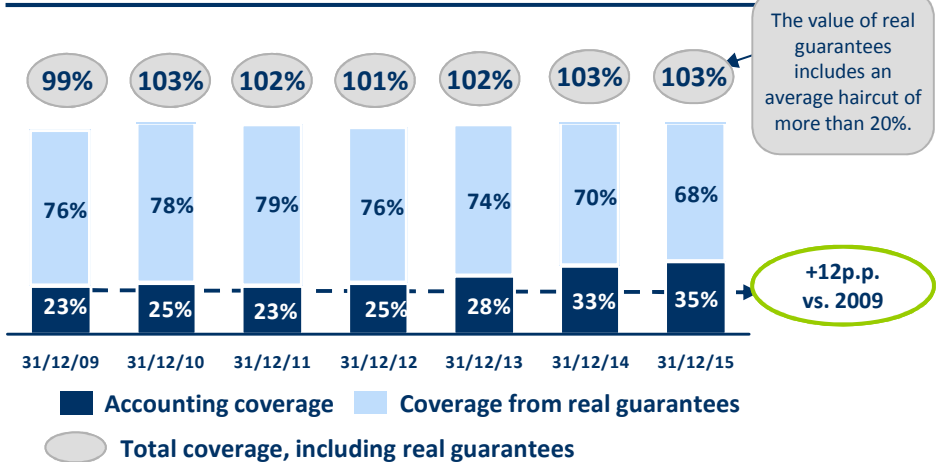
Evolution of total gross customer loans*



Evolution of gross NPLs





Evolution of the coverage of NPLs



- The downsizing of the portfolio of the Leasing Division progresses, with a further decrease of €0.7bn in 2015 (-10.7%), totalizing a drop of roughly €6.7bn since 2009.
- Gross NPLs at €3.8bn (the lower level since 2009), down by 4.2% YoY, thanks above all to the acceleration registered in the last quarter of 2015 (-2.3%).
- Accounting coverage (excluding real guarantees) further strengthened (at 35%, +2p.p. vs. year-end 2014 and +12p.p. vs. year-end 2009).
- The total coverage, including collateral, stands at a level above 100% (103%, +4p.p. vs. 2009), in spite of the incorporation of an average haircut of more than 20% for underlying collateral values.

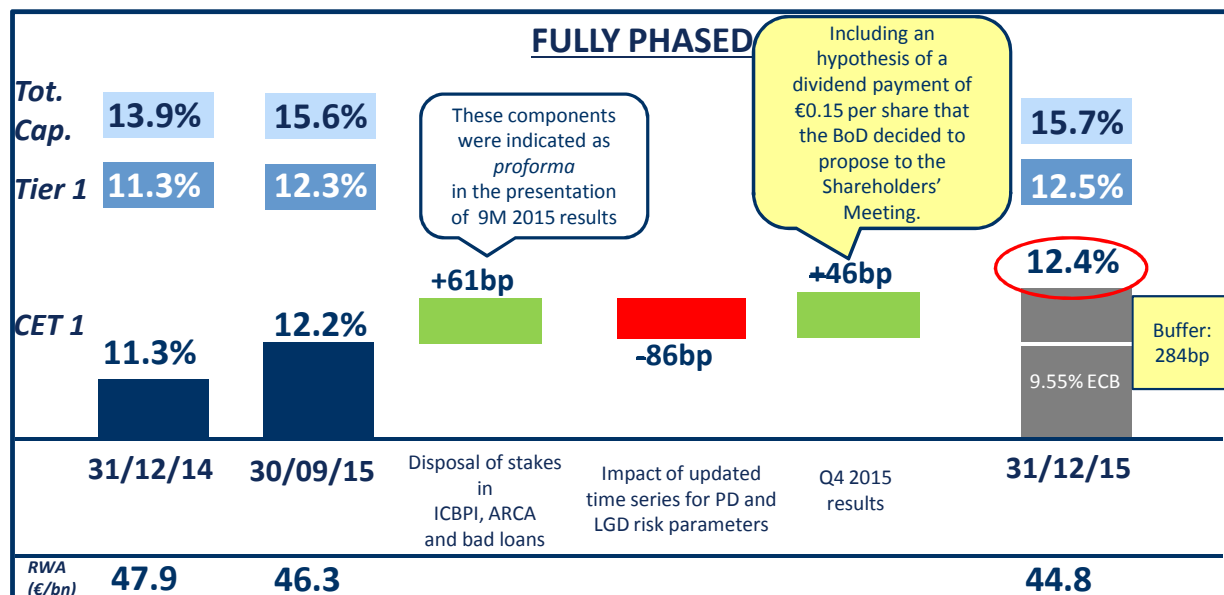
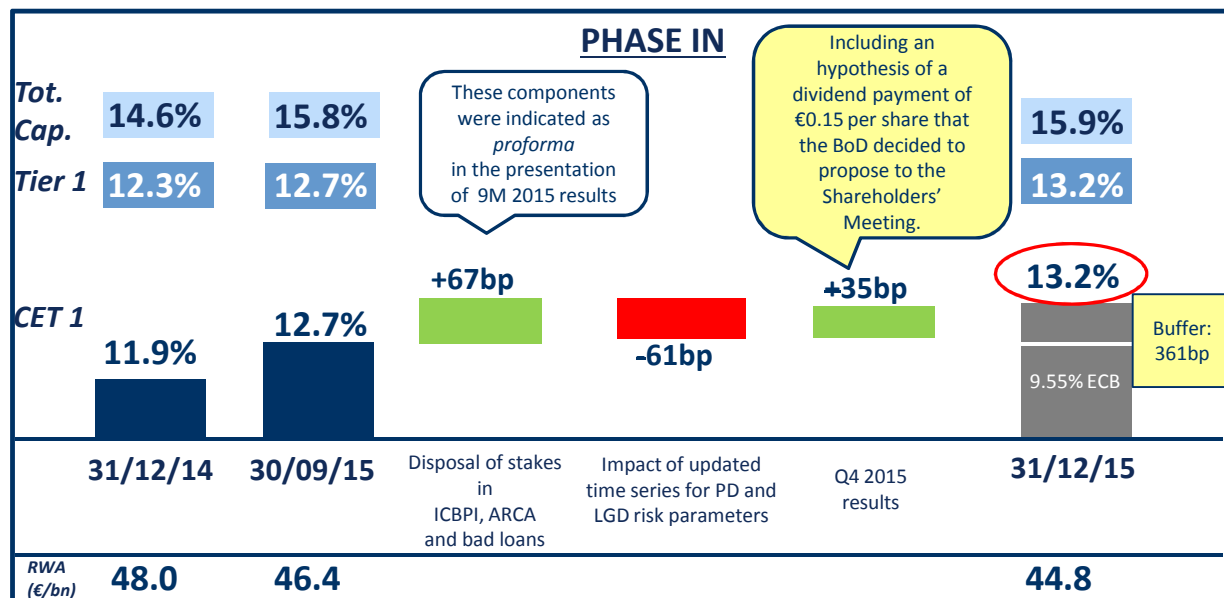
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Banco Popolare Group

Group Capital Ratios

ECB Capital Decision in November 2015:
CET1 ratio requirement set at 9.55%



The CET 1 ratio in Q4 2015 (+41 bps phase-in and +21 bps fully-loaded) reflects the combined effect of:

- Elements that had previously been reported as pro-forma (disposal of equity investments and bad loans);
- Updated time series of the risk parameters PD and LGD (from 2010 to 2015);
- Q4 2015 results, including improved data quality on the portfolio of exposures measured by means of the Standardised Approach and, moreover, an hypothesis of a dividend payment of €0.15 per share.

CET 1 ratios updated as at 31/12/2015 express solid buffers compared to the minimum threshold of 9.55% set by the ECB under the SREP in November 2015: 361 bps phase-in and 284 bps fully-loaded.

Conclusions: 2015 performance has regained ground



In 2015, the Group generated a net income of €430m (€347m normalized):

- ❑ Good diversification of income sources, thanks to the significant contribution of ancillary business lines (consumer credit, bancassurance and Private & Investment Banking and Wealth Management) fostering the traditional commercial banking core business.
- ❑ Profit from operations at €1.26bn (1.29bn normalized)
- ❑ Proposal to distribute a dividend of €0.15 per share (for a total amount of €54.3m), which the BoD plans to submit to the next Shareholders' Meeting



Improving capital ratios, with solid buffers compared to the minimum threshold under SREP (9.55%):

- ❑ CET 1 ratio Phase-in*: 13.2% (+129bp YoY and +41bp QoQ); buffer: 361bp
- ❑ CET 1 ratio Fully-Loaded*: 12.4% (+107bp YoY and +21bp QoQ); buffer: 284bp





Improved credit quality:

- ❑ Stock of net and gross NPLs in decline, even excluding the disposal of unsecured Bad loans
- ❑ Net NPL inflows in sharp decline in 2015 (-66%)
- ❑ Further downsizing and de-risking of the Leasing Division portfolio (loans: -10.7% YoY and -4.3% QoQ; NPLs: -4.2% YoY and -2.3% QoQ)
- ❑ Cost of credit risk (94bp) confirmed in line with the guidance provided at the beginning of 2015

* Capital ratios include the assumption to distribute a dividend of €0.15 per share, that the BoD plans to submit to the upcoming Shareholders' Meeting (19 March 2016 on second call).

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Reclassified consolidated balance sheet

Reclassified assets (in euro thousand)	31/12/2015	31/12/2014	Chg.	
Cash and cash equivalents	587,383	619,529	(32,146)	(5.2%)
Financial assets and hedging derivatives	27,531,012	26,190,599	1,340,413	5.1%
Due from banks	2,817,832	5,058,816	(2,240,984)	(44.3%)
Customer loans	78,421,634	79,823,603	(1,401,969)	(1.8%)
Equity investments	1,166,324	1,061,412	104,912	9.9%
Property and equipment	2,132,633	2,139,962	(7,329)	(0.3%)
Intangible assets	2,042,120	2,049,912	(7,792)	(0.4%)
Non-current assets held for sale and discontinued operations	109,983	94,308	15,675	16.6%
Other assets	5,700,674	6,043,545	(342,871)	(5.7%)
Total	120,509,595	123,081,686	(2,572,091)	(2.1%)

Reclassified liabilities (in euro thousand)	31/12/2015	31/12/2014	Chg.	
Due to banks	16,334,739	17,383,317	(1,048,578)	(6.0%)
Due to customers, debt securities issued and financial liabilities designated at fair value	82,141,444	86,513,468	(4,372,024)	(5.1%)
Financial liabilities and hedging derivatives	8,564,543	6,650,235	1,914,308	28.8%
Liability provisions	1,333,077	1,281,459	51,618	4.0%
Liabilities associated with assets held for sale	342,265	-	342,265	
Other liabilities	3,246,793	3,176,858	69,935	2.2%
Minority interests	53,169	12,130	41,039	338.3%
Shareholders' equity	8,493,565	8,064,219	429,346	5.3%
- Capital and reserves	8,063,492	10,010,110	(1,946,618)	(19.4%)
- Net income (loss) for the period	430,073	(1,945,891)	2,375,964	
Total	120,509,595	123,081,686	(2,572,091)	(2.1%)

Appendix: Banco Popolare Group

Consolidated income statement: quarterly trend

Reclassified income statement €/m	Q4 15	Q3 15	Q2 15	Q1 15*	Q4 14*	Q3 14*	Q2 14*	Q1 14*
Net interest income	368.9	387.5	402.0	387.1	387.5	396.0	397.1	371.3
Income (loss) from investments in associates carried at equity	41.0	39.2	36.7	24.6	25.0	24.9	20.8	19.4
Net interest, dividend and similar income	409.8	426.7	438.6	411.7	412.5	420.9	417.9	390.7
Net fee and commission income	340.2	314.1	350.2	420.9	309.0	354.4	346.2	370.1
Other net operating income	37.3	23.5	20.3	28.6	26.3	38.7	32.9	40.9
Net financial result (excluding FVO)	267.8	30.0	50.3	93.0	(1.9)	23.9	105.6	88.4
Other operating income	645.3	367.6	420.8	542.5	333.4	417.0	484.8	499.4
Total income	1,055.1	794.3	859.4	954.2	745.9	837.9	902.7	890.2
Personnel expenses	(423.3)	(327.7)	(342.2)	(340.4)	(375.1)	(381.0)	(329.0)	(343.3)
Other administrative expenses	(316.3)	(161.0)	(162.6)	(165.0)	(135.1)	(170.4)	(176.4)	(161.3)
Amortization and depreciation	(73.9)	(33.7)	(26.3)	(32.5)	(86.8)	(31.0)	(25.2)	(48.7)
Operating costs	(813.4)	(522.4)	(531.1)	(537.9)	(597.0)	(582.3)	(530.6)	(553.2)
Profit (loss) from operations	241.7	271.9	328.4	416.3	148.9	255.5	372.0	336.9
Net adjustments on loans to customers	(229.1)	(199.5)	(193.9)	(181.4)	(2,496.1)	(445.3)	(292.0)	(328.0)
Net adjustments on receivables due from banks and other assets	(23.2)	(5.2)	(22.3)	(3.6)	(19.3)	(8.4)	(8.6)	(3.5)
Net provisions for risks and charges	14.6	(15.8)	(6.4)	(43.2)	(50.9)	2.7	10.3	(1.5)
Impairment of goodwill and equity investments	-	-	-	-	(239.0)	-	-	-
Profit (loss) on the disposal of equity and other investments	(0.1)	(0.2)	(4.0)	(0.1)	0.2	1.0	0.2	1.0
Income (loss) before tax from continuing operations	3.9	51.2	101.8	188.0	(2,656.2)	(194.5)	81.9	4.9
Tax on income from continuing operations (excluding FVO)	72.6	(5.3)	(23.3)	26.5	804.8	59.5	(56.1)	(5.1)
Income (loss) after tax from discontinued operations	0.3	0.2	(6.5)	(1.3)	0.8	0.4	0.4	0.6
Income (loss) attributable to minority interests	7.7	5.9	1.2	3.9	30.0	4.6	3.4	0.7
Net income (loss) for the period excluding FVO	84.5	52.0	73.1	217.2	(1,820.6)	(130.1)	29.6	1.2
Fair Value Option result (FVO)	7.1	7.1	16.8	(12.6)	(5.1)	3.4	(7.1)	(30.1)
Tax on FVO result	(2.3)	(2.3)	(5.5)	4.2	1.5	(1.1)	2.5	9.9
Net income (loss) for the period	89.2	56.7	84.3	208.8	(1,824.1)	(127.8)	25.0	(19.0)

Note: Starting from 30/06/2015, according to the IFRS 5, the subsidiary BP Luxembourg has been classified as a discontinued operation. As a consequence, the figures relating to the period prior to 30/06/2015 have been appropriately reclassified to retroactively reflect the transfer of the economic contribution of BP Luxembourg to the item 'Income (loss) after tax from discontinued operations'.

PPA effect: quarterly evolution

From Q1 2015, following the merger of Banca Italease into the parent bank Banco Popolare, the PPA refers only to the ex-BPI Group.

Reclassified income statement €/m	Q4 15	Q3 15	Q2 15	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14
Net interest income	-	-	-	-	(0.9)	(1.0)	(0.4)	(0.4)
Income (loss) from investments in associates carried at equity	-	-	-	-	-	-	-	-
Net interest, dividend and similar income	-	-	-	-	(0.9)	(1.0)	(0.4)	(0.4)
Net fee and commission income	-	-	-	-	-	-	-	-
Other net operating income	(6.0)	(6.0)	(6.0)	(6.0)	(7.4)	(7.4)	(7.4)	(7.4)
Net financial result (excluding FVO)	-	-	-	-	-	-	-	-
Other operating income	(6.0)	(6.0)	(6.0)	(6.0)	(7.4)	(7.4)	(7.4)	(7.4)
Total income	(6.0)	(6.0)	(6.0)	(6.0)	(8.4)	(8.4)	(7.9)	(7.9)
Personnel expenses	-	-	-	-	-	-	-	-
Other administrative expenses	-	-	-	-	-	-	-	-
Amortization and depreciation	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Operating costs	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Profit (loss) from operations	(6.9)	(6.9)	(6.9)	(6.9)	(9.3)	(9.4)	(8.8)	(8.8)
Net adjustments on loans to customers	-	-	-	-	-	-	-	-
Net adjustments on receivables due from banks and other assets	-	-	-	-	-	-	-	-
Net provisions for risks and charges	-	-	-	-	-	-	-	-
Impairment of goodwill and equity investments	-	-	-	-	(39.0)	-	-	-
Profit (loss) on the disposal of equity and other investments	(1.3)	-	-	-	-	(0.0)	0.0	-
Income (loss) before tax from continuing operations	(8.1)	(6.9)	(6.9)	(6.9)	(48.3)	(9.4)	(8.8)	(8.8)
Tax on income from continuing operations (excluding FVO)	6.6	2.2	2.2	2.2	14.1	3.0	4.7	2.9
Income (loss) after tax from discontinued operations	-	-	-	-	-	-	-	-
Income (loss) attributable to minority interests	-	-	-	-	-	-	(0.0)	0.0
Net income (loss) for the period excluding FVO	(1.5)	(4.6)	(4.6)	(4.7)	(34.2)	(6.4)	(4.1)	(5.9)

Income Statement pre PPA: quarterly evolution

Reclassified income statement €/m	Q4 15	Q3 15	Q2 15	Q1 15*	Q4 14*	Q3 14*	Q2 14*	Q1 14*
Net interest income	368.9	387.5	402.0	387.1	388.4	397.0	397.5	371.8
Income (loss) from investments in associates carried at equity	41.0	39.2	36.7	24.6	25.0	24.9	20.8	19.4
Net interest, dividend and similar income	409.8	426.7	438.6	411.7	413.4	421.9	418.3	391.1
Net fee and commission income	340.2	314.1	350.2	420.9	309.0	354.4	346.2	370.1
Other net operating income	43.3	29.5	26.2	34.5	33.7	46.1	40.4	48.4
Net financial result (excluding FVO)	267.8	30.0	50.3	93.0	(1.9)	23.9	105.6	88.4
Other operating income	651.3	373.6	426.7	548.4	340.9	424.4	492.2	506.9
Total income	1,061.1	800.2	865.4	960.1	754.3	846.3	910.5	898.0
Personnel expenses	(423.3)	(327.7)	(342.2)	(340.4)	(375.1)	(381.0)	(329.0)	(343.3)
Other administrative expenses	(316.3)	(161.0)	(162.6)	(165.0)	(135.1)	(170.4)	(176.4)	(161.3)
Amortization and depreciation	(72.9)	(32.8)	(25.4)	(31.6)	(85.9)	(30.1)	(24.3)	(47.8)
Operating costs	(812.5)	(521.5)	(530.2)	(537.0)	(596.1)	(581.4)	(529.7)	(552.3)
Profit (loss) from operations	248.6	278.7	335.2	423.1	158.2	264.9	380.8	345.7
Net adjustments on loans to customers	(229.1)	(199.5)	(193.9)	(181.4)	(2,496.1)	(445.3)	(292.0)	(328.0)
Net adjustments on receivables due from banks and other assets	(23.2)	(5.2)	(22.3)	(3.6)	(19.3)	(8.4)	(8.6)	(3.5)
Net provisions for risks and charges	14.6	(15.8)	(6.4)	(43.2)	(50.9)	2.7	10.3	(1.5)
Impairment of goodwill and equity investments	-	-	-	-	(200.0)	-	-	-
Profit (loss) on the disposal of equity and other investments	1.2	(0.2)	(4.0)	(0.1)	0.2	1.0	0.2	1.0
Income (loss) before tax from continuing operations	12.0	58.1	108.6	194.9	(2,607.9)	(185.1)	90.7	13.7
Tax on income from continuing operations (excluding FVO)	66.0	(7.5)	(25.6)	24.3	790.7	56.4	(60.8)	(7.9)
Income (loss) after tax from discontinued operations	0.3	0.2	(6.5)	(1.3)	0.8	0.4	0.4	0.6
Income (loss) attributable to minority interests	7.7	5.9	1.2	3.9	30.0	4.6	3.4	0.7
Net income (loss) for the period excluding FVO	86.0	56.6	77.7	221.9	(1,786.4)	(123.7)	33.7	7.1
Fair Value Option result (FVO)	(6.3)	7.1	16.8	(12.6)	(5.1)	3.4	(7.1)	(30.1)
Tax on FVO result	2.1	(2.3)	(5.5)	4.2	1.5	(1.1)	2.5	9.9
Net income (loss) for the period	81.751	61.4	89.0	213.4	(1,790.0)	(121.4)	29.1	(13.0)

Note: Starting from 30/06/2015, according to the IFRS 5, the subsidiary BP Luxembourg has been classified as a discontinued operation. As a consequence, the figures relating to the period prior to 30/06/2015 have been appropriately reclassified to retroactively reflect the transfer of the economic contribution of BP Luxembourg to the item 'Income (loss) after tax from discontinued operations'.

Leasing Division: breakdown of FY 2015 results

Reclassified income statement €/m	Leasing Division		Of which Release	
	FY 2015	FY 2014	FY 2015	FY 2014
Net interest income	40.0	38.7	4.2	2.0
Income (loss) from investments in associates carried at equity	-	-	-	-
Net interest, dividend and similar income	40.0	38.7	4.2	2.0
Net fee and commission income	(0.5)	(0.9)	(0.4)	(0.6)
Other net operating income	15.0	22.3	10.1	13.4
Net financial result (excluding FVO)	0.0	0.0	0.0	0.0
Other operating income	14.5	21.5	9.7	12.8
Total income	54.5	60.2	13.9	14.9
Personnel expenses	(12.0)	(12.6)	(2.1)	(1.7)
Other administrative expenses	(43.4)	(50.6)	(19.7)	(22.2)
Amortization and depreciation	(48.6)	(66.0)	(47.1)	(64.5)
Operating costs	(104.0)	(129.3)	(68.9)	(88.3)
Profit (loss) from operations	(49.5)	(69.1)	(55.0)	(73.5)
Net adjustments on loans to customers	(143.9)	(261.8)	(67.8)	(201.9)
Net adjustments on receivables due from banks and other assets	-	-	-	-
Net provisions for risks and charges	(1.8)	(4.5)	(1.6)	(1.3)
Impairment of goodwill and equity investments	(0.1)	0.1	-	-
Profit (loss) on the disposal of equity and other investments	(5.2)	(1.3)	(4.3)	(0.5)
Income (loss) before tax from continuing operations	(200.5)	(336.5)	(128.7)	(277.2)
Tax on income from continuing operations	54.2	114.3	33.5	82.0
Income (loss) after tax from discontinued operations	-	-	-	-
Income (loss) attributable to minority interests	19.0	39.0	-	-
Net income (loss) for the period	(127.3)	(183.2)	(95.1)	(195.2)

Management
accounting data

Leasing Division: quarterly trend of the income statement

Reclassified income statement €/m	Management accounting data		Q4 15	Q3 15	Q2 15	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14
Net interest income			10.6	9.3	9.9	10.1	9.9	10.4	8.5	9.9
Income (loss) from investments in associates carried at equity			-	-	-	-	-	-	-	-
Net interest, dividend and similar income			10.6	9.3	9.9	10.1	9.9	10.4	8.5	9.9
Net fee and commission income			(0.1)	(0.1)	(0.1)	(0.2)	(0.3)	(0.2)	(0.2)	(0.2)
Other net operating income			0.0	5.2	6.0	3.8	6.3	4.4	4.8	6.8
Net financial result (excluding FVO)			(0.0)	-	0.0	0.0	0.0	0.0	(0.0)	-
Other operating income			(0.1)	5.1	5.9	3.6	6.1	4.2	4.6	6.6
Total income			10.6	14.4	15.8	13.7	16.0	14.6	13.1	16.5
Personnel expenses			(3.6)	(2.5)	(2.5)	(3.3)	(3.0)	(3.0)	(3.3)	(3.3)
Other administrative expenses			(10.0)	(11.0)	(10.5)	(11.9)	(13.1)	(12.9)	(12.9)	(11.8)
Amortization and depreciation			(38.3)	(3.4)	0.3	(7.2)	(45.1)	(3.8)	(3.1)	(14.0)
Operating costs			(51.9)	(17.0)	(12.7)	(22.5)	(61.2)	(19.7)	(19.3)	(29.1)
Profit (loss) from operations			(41.3)	(2.6)	3.1	(8.7)	(45.3)	(5.1)	(6.2)	(12.6)
Net adjustments on loans to customers			(30.8)	(40.5)	(47.9)	(24.7)	(170.7)	(56.5)	(15.4)	(19.2)
Net adjustments on receivables due from banks and other assets			-	-	-	-	-	-	-	-
Net provisions for risks and charges			10.4	(11.1)	(0.8)	(0.3)	(3.8)	(0.6)	0.0	(0.1)
Impairment of goodwill and equity investments			(0.1)	-	(0.0)	-	-	-	-	0.1
Profit (loss) on the disposal of equity and other investments			(0.3)	(0.6)	(4.2)	(0.1)	(0.4)	(0.5)	(0.3)	(0.1)
Income (loss) before tax from continuing operations			(62.0)	(54.7)	(49.8)	(33.9)	(220.3)	(62.6)	(21.8)	(31.8)
Tax on income from continuing operations			14.9	15.3	14.5	9.5	81.2	19.1	5.1	8.9
Income (loss) after tax from discontinued operations			-	-	-	-	-	-	-	-
Income (loss) attributable to minority interests			7.9	5.7	1.5	3.9	30.2	4.5	1.8	2.5
Net income (loss) for the period			(39.3)	(33.7)	(33.8)	(20.5)	(108.8)	(39.0)	(14.9)	(20.4)

Appendix: Banco Popolare Group

Asset quality of the Group

With new categories of NPLs
(see slide 39)

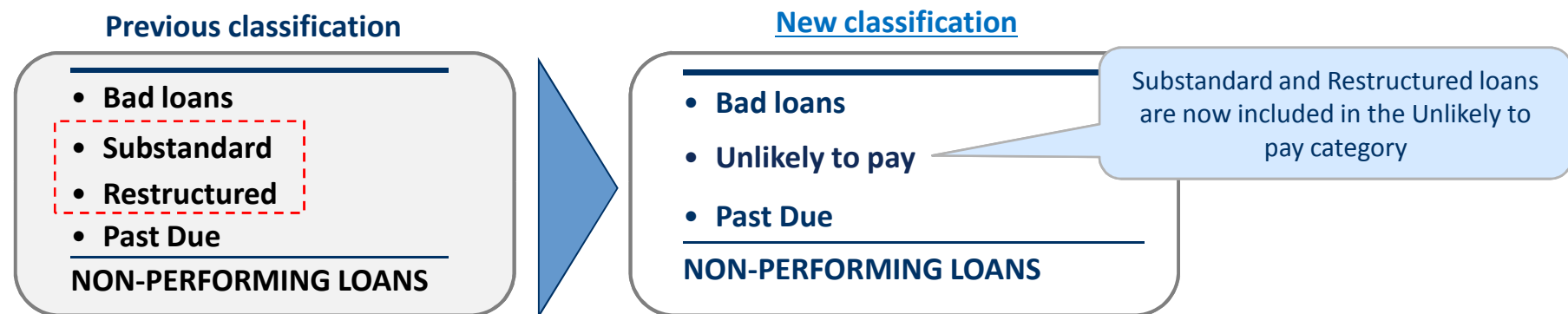
	31/12/2015					
	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	10,471	4,012	6,458	38.3%	4,315	56.3%
Unlikely to pay loans	9,911	2,521	7,390	25.4%		
Past Due loans	263	54	209	20.7%		
Non-performing loans	20,645	6,588	14,057	31.9%	4,315	43.7%
<i>of which: Forborne</i>	<i>3,937</i>	<i>923</i>	<i>3,014</i>	<i>23.5%</i>		
Performing loans	64,692	328	64,365	0.5% ⁽¹⁾		
<i>of which: Forborne</i>	<i>3,613</i>	<i>56</i>	<i>3,557</i>	<i>1.5%</i>		
Total customer loans	85,338	6,916	78,422	8.1%	4,315	12.5%
	30/09/2015					
	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	10,974	4,552	6,422	41.5%	4,429	58.3%
Unlikely to pay loans	10,126	2,640	7,485	26.1%		
Past Due loans	401	63	338	15.8%		
Non-performing loans	21,501	7,256	14,245	33.7%	4,429	45.1%
Performing loans	65,061	377	64,685	0.6% ⁽¹⁾		
Total customer loans	86,562	7,632	78,930	8.8%	4,429	13.3%
	30/06/2015					
	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	10,723	4,446	6,277	41.5%	4,268	58.1%
Unlikely to pay loans	10,231	2,737	7,494	26.8%		
Past Due loans	400	61	338	15.3%		
Non-performing loans	21,354	7,245	14,109	33.9%	4,268	44.9%
Performing loans	66,563	400	66,163	0.6% ⁽²⁾		
Total customer loans	87,917	7,645	80,272	8.7%	4,268	12.9%
	31/03/2015					
	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	10,751	4,566	6,185	42.5%	4,207	58.7%
Unlikely to pay loans	10,360	2,749	7,611	26.5%		
Past Due loans	388	63	326	16.2%		
Non-performing loans	21,500	7,378	14,122	34.3%	4,207	45.1%
Performing loans	67,136	423	66,713	0.6% ⁽²⁾		
Total customer loans	88,635	7,801	80,835	8.8%	4,207	12.9%
	31/12/2014					
	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	10,527	4,527	6,000	43.0%	4,048	58.8%
Unlikely to pay loans	10,723	2,817	7,906	26.3%		
Past Due loans	415	70	344	17.0%		
Non-performing loans	21,665	7,414	14,250	34.2%	4,048	44.6%
Performing loans	65,997	423	65,573	0.6% ⁽²⁾		
Total customer loans	87,661	7,838	79,824	8.9%	4,048	13.0%

Notes:

- (1) 0.6% excluding the Performing exposures, which are totally risk free.
- (2) 0.7% excluding the Performing exposures, which are totally risk free.
- (3) 0.4% excluding the Performing exposures, which are totally risk free.

New NPL classification

Since the beginning of 2015, Non-performing loans have been subdivided into Bad loans, Unlikely to pay and Past Due exposures. These three categories put together form the aggregate denominated Non-Performing Exposures in the Implementing Technical Standards (ITS). Also, Non-performing exposures must be measured on the basis of any concessions, or forbearance measures, that have been extended (Forborne exposures in ITS). They do not represent a specific category of Non-performing exposures, but rather a specification - depending on the circumstances - of Bad loans, Unlikely to pay or Past Due exposures.

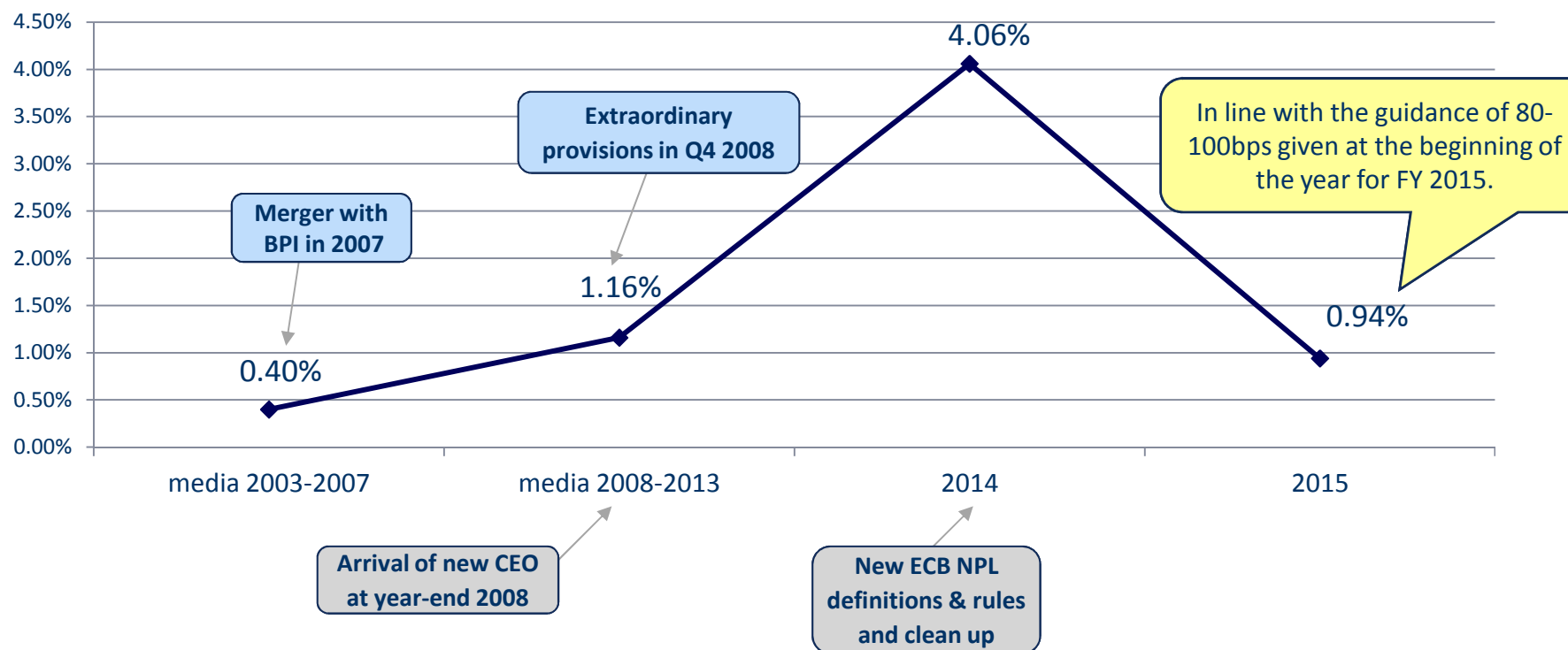


DEFINITIONS:

- ❑ **Bad loans:** exposures to insolvent debtors (even when the insolvency has not been declared by a court), or in essentially similar situations, regardless of any expected loss calculation made by the bank.
- ❑ **Unlikely to pay:** exposures, other than Bad loans, where according to the bank the debtor is unlikely to pay its credit obligation in full (principal and interest), without embarking on actions such as the realization of collateral.
- ❑ **Past Due:** exposures, other than Bad loans and Unlikely to pay, which at the reference date are more than 90 days past-due and exceed a given materiality threshold.

Historic trend of the cost of credit

Historic trend of the Group's cost of credit risk



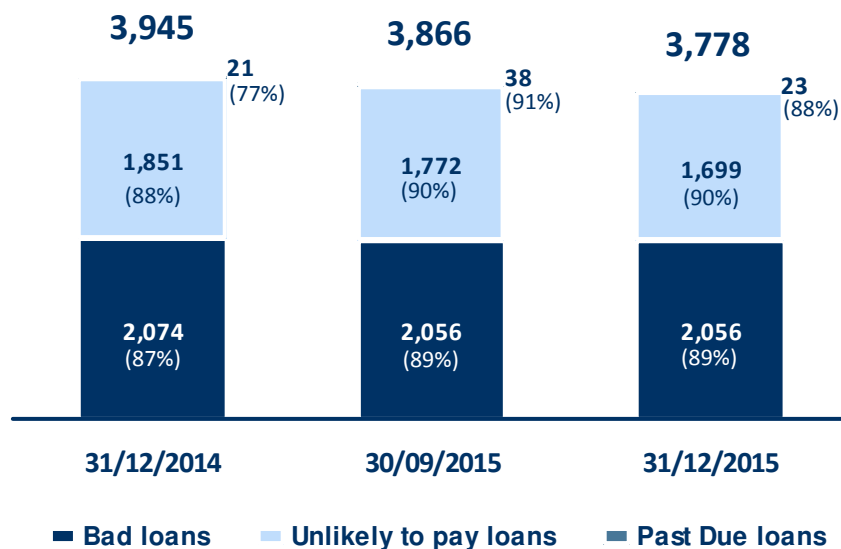
In the near future, a prosecution of the **normalisation of the Group's cost of credit risk** is expected.

Notes: Calculated as LLPs/Gross customer loans (period-end data), based on Annual Reports for the period 2003-2014.

Non-performing loans of the Leasing Division

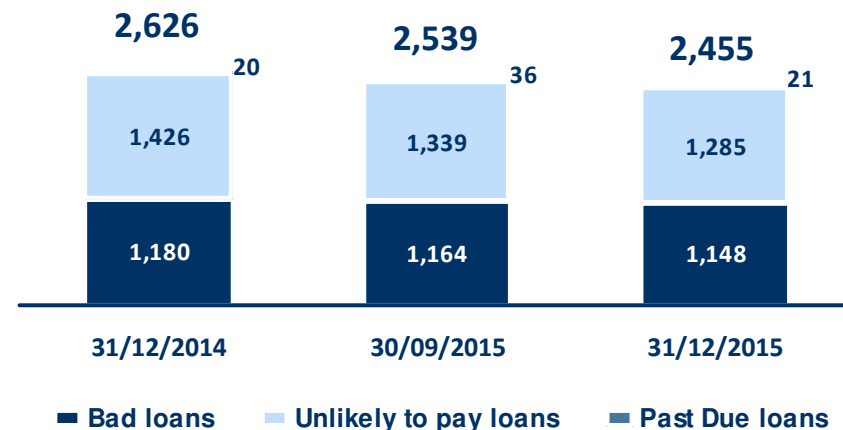
Gross Non-performing loans

€/m



Net Non-performing loans

€/m

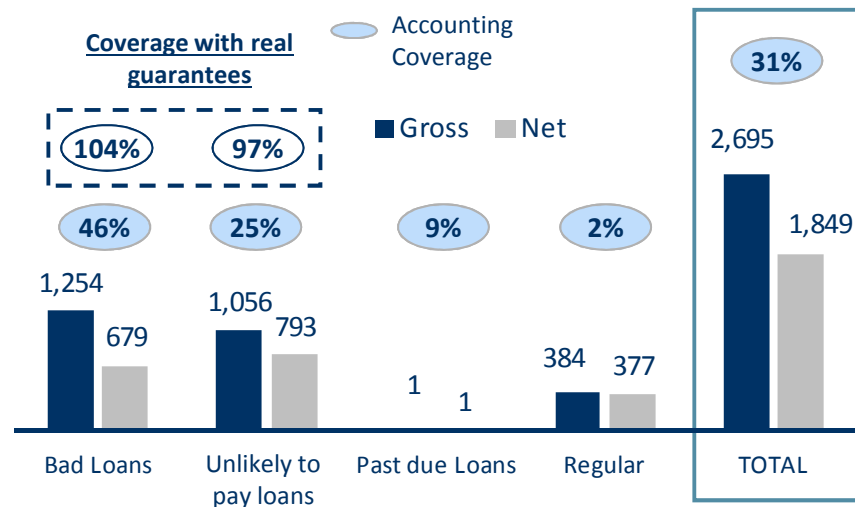


N.B.: The figures indicated in brackets indicate the % share of real estate-related lending.

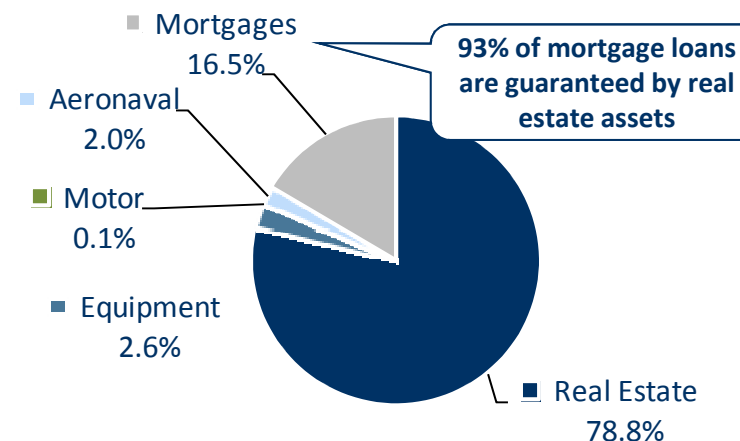
'Release' Portfolio: analysis as at 31/12/2015

20% of the 'Release' portfolio belongs to the shareholders BPER, BPM and BPS

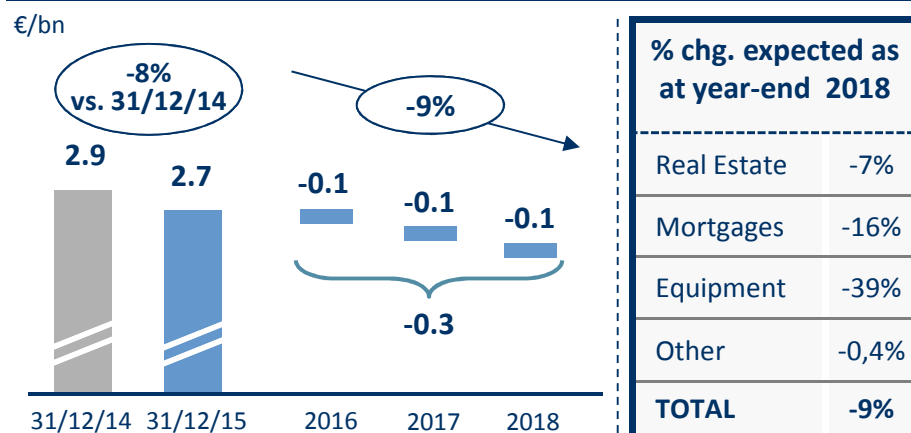
Gross customer loans: classification



Loan portfolio by product category



Repayment plan until 2018*



The 'Release' portfolio falls by 44% vs. year-end 2009; in the same period, the aggregate of Bad loans and Unlikely to pay loans decreases by 40%. A drop of 8% was registered in 2015 for total loans and of 6% for the aggregate of Bad loans and Unlikely to pay loans.

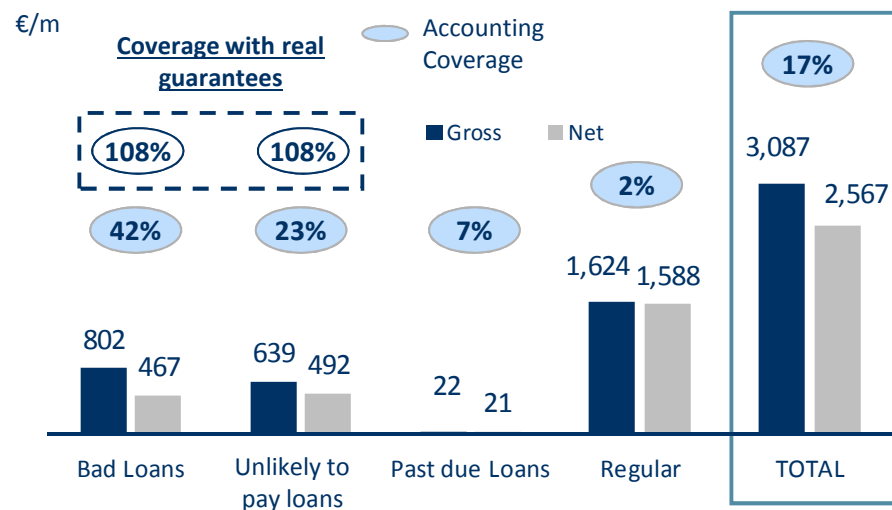
The coverage, including real guarantees, is 104% for Bad loans and 97% for Unlikely to pay loans.

Repayment plan for performing loans: -9% expected by year-end 2018 (-€0.3bn).

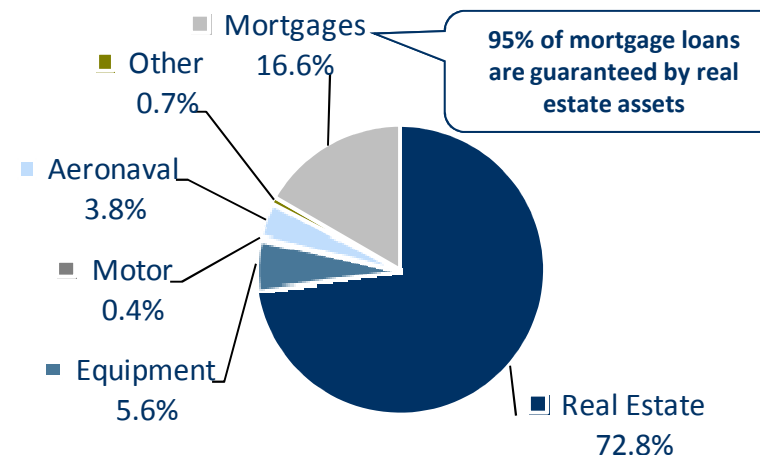
* Forecasts on the portfolio maturities, based on the financial plan for performing loans.

'Ex Italease' Portfolio: analysis as at 31/12/2015

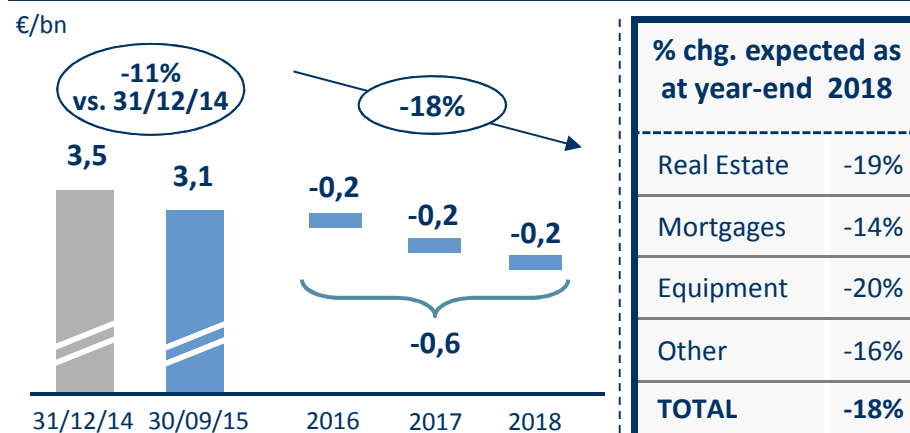
Gross customer loans: classification



Loan portfolio by product category



Repayment plan until 2018*



* Forecasts on the portfolio maturities, based on the financial plan for performing loans.

- The 'Ex Italease' portfolio drops by 58% vs. year-end 2009 and by 11% in 2015 alone.
- For the first time since 2009, a slowdown is registered in the aggregate of Bad loans and Unlikely to pay loans : -1.1% on an annual basis.
- The coverage, including real guarantees, is 108% both for Bad loans and for Unlikely to pay loans.
- Repayment plan for performing loans: -18% expected by year-end 2018 (-€0.6bn).

IR events in 2016

Work
in progress

Pipeline of IR events in 2016

Data	Città	Evento
9 February 2016	Verona	Press release on FY 2015 results
9 February 2016	Verona	Banco Popolare: <i>Conference call</i> on FY 2015 results
18 February 2016	Milan	The CEEMEA and Italian Financials Conference 2016 - UBS (panel & investor meeting)
25 February 2016	London	Roadshow with Equity investors
1 March 2016	Milan	Banca IMI event: "Italian Mid-Sized Banks"
16 March 2016	London	2016 Morgan Stanley European Financials Conference (London)
19 March 2016	Lodi	Annual Registered Shareholders' meeting (2nd call)
10 May 2016	Verona	Press release on Q1 2016 results
10 May 2016	Verona	Banco Popolare: <i>Conference call</i> on Q1 2016 results
17 May 2016	London	Deutsche Bank Conference: "dbAccess Italy Conference" (panel & investor meeting)
5 August 2016	Verona	Press release on H1 2016 results
5 August 2016	Verona	Banco Popolare: <i>Conference call</i> on H1 2016 results
8 November 2016	Verona	Press release on Q3 2016 results
8 November 2016	Verona	Banco Popolare: <i>Conference call</i> on Q3 2016 results

The Pipeline is work in progress and does not include roadshows, meetings and the possible participation at Investor Conferences that are still in the process of being planned.

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